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# Congressional Record

PROCEEDINGS AND DEBATES OF THE 104<sup>th</sup> CONGRESS, FIRST SESSION

## SENATE—Wednesday, November 15, 1995

The Senate met at 12 noon and was called to order by the President pro tempore [Mr. THURMOND].

### PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Almighty God, You have told us in the Scriptures that there are blessings You grant only when we care enough to pray for each other. We also know how our attitudes are changed when we do pray for each other. We listen better and conflicts are resolved. We discover answers to problems together because prayer has made it easier to work out solutions. Also, when we pray for each other, You affirm our mutual caring by releasing supernatural power. Added to this, working together becomes more pleasant and more productive.

Knowing all this, we make a renewed commitment to pray for the people around us, those with whom we disagree politically and those with whom we sometimes find it difficult to work. If we pledge that we are one nation under You, dear God, help us to exemplify to our Nation what it means to be a Senate family, affirming unity in our diversity, held together with the bonds of loyalty to You and our Nation, and drawing on Your power for each other through prayer. In the name of our Lord. Amen.

### RECOGNITION OF SENATOR HELMS

The PRESIDENT pro tempore. The able Senator from North Carolina, Senator HELMS, is recognized.

Mr. HELMS. I thank the equally able Presiding Officer.

I ask unanimous consent I be permitted to defer to the distinguished Senator from Texas, after which I shall be recognized.

The PRESIDING OFFICER (Mr. KEMPTHORNE). Without objection, it is so ordered.

### RESERVATION OF LEADER TIME

The PRESIDING OFFICER. If the Senator from Texas will suspend for a moment, under the previous order the leadership time is reserved.

### MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12:30 p.m. with Senators permitted to speak therein for not to exceed 5 minutes each. The Senator from Texas is recognized.

### DISABLED VETERANS

Mrs. HUTCHISON. Mr. President, I am here today to question this administration and the scaring of our veterans in this country. I was in Amarillo, TX, last Saturday and I was talking to a disabled veteran who depends very much on his veterans pension for himself and his family. He said, "Are we going to be paid?" because the news media were saying no.

I said, "Of course you will be paid." There is no way that a veteran's pension is any different from a welfare recipient's stipend or a Medicare part B payment. There is no difference whatsoever. Yet, amazingly to me, the Veterans' Administration is telling people who call that, in fact, veterans benefits will not be paid.

Mr. President, I question a President who says if, in fact, this stalemate continues, which, of course, we hope it will not, but if it does, that he will prioritize the payment of welfare recipients over the payment of our veterans who have served our country. It is unthinkable.

However, just to make sure that this does not happen, I talked to Senator ALAN SIMPSON this morning, who is the chairman of the Veterans' Affairs Committee. He is going to cosponsor with me—it will be the Simpson-Hutchison bill—a bill that will, in fact, direct this administration to pay veterans benefits. We are going to direct this administration to put veterans in the same category as welfare recipients, Social Security recipients, hospitalization under Medicare recipients, and Medicare part B doctors payments as well. It should not even be a question.

Nevertheless, in order to make sure that this administration cannot play

games with the veterans of this country, Senator SIMPSON and I are going to introduce a bill as soon as we can get it written, this afternoon, that will make sure that the veterans of this country will not have to worry if, in fact, this stalemate continues.

I wish the President of the United States would immediately say it is not necessary to pass this kind of law. I hope the President will be able to put out a little release this afternoon that says the veterans do not have to worry. The incoming cashflow is there and the President knows it. The head of the Veterans' Administration knows it. There is no reason to have these scare tactics used on the veterans of our country who have served our country and who deserve to be put in the highest of all categories. And, yet, this President is doing that. I call on him to say our bill, which is being readied right now, is not necessary and the veterans do not have to worry. He can do it with the stroke of a pen or a mere press release.

The priority is set. There is no question. I have consulted every congressional expert, every resource, every historical circumstance that I can find. Veterans have never been threatened. There is no reason for them to be threatened now.

Mr. President, Senator SIMPSON and I are going to introduce this legislation this afternoon. I hope it is not necessary, but we are going to make sure that games will not be played with the veterans of this country. I thank the Senator from North Carolina for yielding me this time for this very important subject.

I just want to say to the veterans of America, we will take care of you. We will make sure that our commitment to you is kept. It is the highest priority that I have.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, first I ask the distinguished Senator from Texas if she and Senator SIMPSON would add my name as a cosponsor.

Mrs. HUTCHISON. Certainly.

Mr. FEINGOLD. Mr. President, will the Senator from North Carolina yield

for a moment so I can propound a unanimous consent?

Mr. HELMS. I am sorry, I did not hear.

The PRESIDING OFFICER. The Senator from Wisconsin is asking if you will yield for a moment so he can offer a unanimous-consent request.

Mr. HELMS. Just so the time is not charged to me.

Mr. FEINGOLD. Mr. President, I ask unanimous consent I be recognized to speak after the Senator from North Carolina.

Mr. KYL. Reserving the right to object, the Senator from Wisconsin was here before I was, but I would like to add to that request that I be recognized following the Senator from Wisconsin.

Mrs. BOXER. I would like to add to that request that I be allowed to follow the Senator from Arizona and after that the Senator from North Dakota.

Mr. HELMS. Mr. President, I am going to have to object. Senator FAIRCLOTH is the cosponsor of the bill that I am about to introduce. I think he is entitled to be heard, too.

The PRESIDING OFFICER. There is objection to the request.

The Senator from North Carolina is recognized for 5 minutes.

Mr. HELMS. I thank the Chair.

(The remarks of Mr. HELMS and Mr. FAIRCLOTH pertaining to the introduction of S. 1413 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. FEINGOLD. Thank you, Mr. President. I ask unanimous consent to be allowed to speak for up to 5 minutes as if in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### EXECUTIONS IN NIGERIA

Mr. FEINGOLD. Mr. President, last Friday nine leaders of the Movement for the Survival of the Ogoni People [MOSOP], including renowned playwright Ken Saro-Wiwa, were executed by the brutal Nigerian military regime. The human rights leaders and environmental activists were hanged after a blatantly unfair trial, and in the face of numerous international appeals to General Abacha to commute the death sentences. That Nigeria carried out these executions during the meeting of the Commonwealth countries in New Zealand, which they attended, is particularly chilling. What a failure of international policy toward Nigeria.

This latest gross human rights violation is convincing evidence that General Abacha, the military leader who seized control of Nigeria in 1993, has no interest in overseeing a 3-year transition to genuine democratic rule as he announced in his notorious October 1 proclamation. Instead, it appears he is seeking to obliterate—by killing—any

opposition that could possibly challenge his authority.

The political situation in Nigeria is undoubtedly fragile and difficult. Since its independence from Britain in 1960, Nigeria has been held together by the military, and in fact it has enjoyed civilian rule for only short, punctuated periods in its entire history. Then, as the rest of Africa was sweeping toward democracy, Nigeria too held Presidential elections in 1993. They produced a major sea change in Nigerian politics when a Southern Yoruba, Moshood Abiola, was elected President, after years of domination of the political structure by northern Hausa/Fulani. It was this shake-up that ultimately precipitated Abacha's takeover of the government in 1994.

Since then, he has ruled the Government with a corrupt hand. While much of Africa is producing good news, Abacha's Nigeria stands in stark contrast. Nigeria's 110 million people live under a totalitarian regime. National and State elected officials have been removed from office, political parties dissolved, newspapers shut down, labor unions disbanded, and thousands detained for their political opinions. This summer he commuted the death sentences of General Obasanjo and others, but his mercy extended only to life imprisonment.

Now Abacha has killed Ken Saro-Wiwa and some of the most well-known human rights and environmental activists, after a flagrantly unfair trial, and despite international pleas to retry the defendants. Some observers have said the executions last week were a function of a domestic military crisis where Abacha had to look strong, lest he face revolt from his own troops. While I could be sympathetic to Abacha's challenge of keeping his country together, this cannot justify nine executions: indeed, such abuse can only lead to further instability in Nigeria.

The environmental and human rights movement for which Ken Saro Wiwa lost his life goes back to 1990, when the first seeds of anger against foreign oil companies began surfacing in Ogoniland. The 6 million Ogonis living among the rich swamps, fertile farmland, and gorgeous rainforests of the Niger River delta has been poor forever. But as oil companies plundered their land, seeking resources, polluting their water, uprooting the soil—leaving the Ogonis with nothing but thousands of ugly oilwells and deteriorated pipelines—the indigenous population began protesting. At first, they were peaceful demonstrations, but then Shell Oil called out the notoriously brutal police force to massacre 80 people and destroy 495 homes. The communities held Shell responsible for choosing to contact the police rather than even to begin to negotiate with them.

That spawned a strong protest movement, and by 1992, when Shell still re-

fused to engage the Ogonis, the police were once again called out, and shot 30 people.

This is when Ken Saro-Wiwa founded the Movement for the Survival of the Ogoni People. In its constitution, MOSOP called for compensation for loss of their resources to Shell. MOSOP also called for self-determination of Ogoniland, the demand that made Saro-Wiwa threatening to the government.

As the Ogonis were being tortured by arson, beatings, and forced resettlement by the Government, Shell Oil removed itself from responsibility and shoved the issue off as a domestic Nigerian problem, in which it could not engage.

When elections were held in 1993, the Ogonis split their vote: while older more conservative folks favored Abiola, Saro-Wiwa and younger activists supported a boycott of the elections as a farce. With this display of defiance, the Nigerian military government essentially moved into occupy Ogoniland. During a public discussion on whether the Ogonis would send representatives to Abacha's constitutional conference, four Ogoni chiefs were killed.

Saro-Wiwa and eight others were charged with the murder of the chiefs. Many believe Abacha used the deaths as a pretext to eliminate his most outspoken and effective opposition.

A military tribunal was established especially for this trial, a tribunal which, according to State Department and other observers of this case, was neither impartial nor independent. Further, the defendants were not permitted access to a lawyer of their choice, and there is even evidence that witnesses were paid off to testify against Saro-Wiwa. After all this, there was no right of appeal.

Predictably, the defendants were found guilty and sentenced to death. After a flurry of international activity, which included several phone calls and faxes to Nigerian officials from United States Senators, such as myself, which were never answered—the Provisional Ruling Council, headed by Abacha, confirmed the sentences. Once again, we called the U.N. Ambassador, appealed to our administration, wrote letters to Nigeria urging Abacha to commute the death sentences and re-try the defendants in accordance with internationally recognized human rights standards. To our shock, the executions were carried out 48 hours later.

This kind of behavior, this kind of brutality is unconscionable. It calls out for a tough international response. Later this week, I will be joining a bipartisan group of Senators in introducing sanctions legislation against Nigeria. While details are still being worked out, the bill is intended to ratchet up the pressure against General Abacha. His murderous regime must be stopped



and isolated. The continued butchery of his country can only destabilize the region, harm international interests in the continent, and force suffering upon the 110 million people of Nigeria.

I yield the floor.  
The PRESIDING OFFICER. The Senator from Arizona is recognized.

THE PRESIDENT AND CONGRESS  
MUST WORK TOGETHER

Mr. KYL. Mr. President, this morning I was asked by a reporter from a radio station why the President and Congress cannot work out this budget impasse, why the Government has to shut down.

That is a good question, and it deserves an answer. Of course, the answer is we will work it out, but it is going to take a little time, and here is why.

Yesterday, my offices received about 600 telephone calls from constituents, and they were running about 10 to 1 in favor of the Congress staying the course to achieve a balanced budget in 7 years.

The letters and the phone calls, all had a common theme: Do not give in. Do this for our grandchildren. We need a balanced budget. We have to get the fiscal house in order. Do not cave in to the President.

Those were the general sentiments of the people who were calling my office yesterday, and today, just before I came to the floor, I noted the same general theme and the same relationship of numbers in these calls.

So many of us, particularly those of us who were elected in the last election and heard the message from the people that they want to stop business as usual in Washington, DC, and get the Federal budget balanced, are committed to achieving a balanced budget in 7 years. I do not understand why the President will not concede that point.

I think part of the reason why it is taking time is that the President is looking good in the polls and op-ed pieces, and so on. He is finally standing firm for something, and so he is getting a lot of press. So there is not a great deal of pressure on the President to concede anything at this point, and that is why we have the impasse. We feel the pressure from our constituents to stay the course and have a balanced budget and, on the other hand, the President is not willing to agree to a balanced budget.

The first thing the President said when he vetoed the bill which would allow the Government to keep on operating was that he did it because we had Medicare cuts in the legislation.

That is not true. The Medicare legislation which we included with the bill to keep the Government running, because we knew the President would veto it if it was part of our reconciliation bill, called the Balanced Budget Act of 1995, that bill provides for pre-

cisely the same percentage of premium payment for part B Medicare as you have today and you have had for the last 5 years. The President would like, he says, to reduce that to 25 percent of premium instead of 31 percent. But that is the difference between the two of us as to the percent. We are not increasing the percent of premium. It is at 31.5 percent today. It will be 31.5 percent under our bill, and so that is not true.

I submit, by the way, that in the end the President will have to agree with us that it is fair to ask the seniors who are paying voluntarily for part B Medicare benefits to pay 31 percent of it after our children and our grandchildren are paying the other 68 or 69 percent. I submit that it is an unfair burden to ask them to pay any more of the part B Medicare.

So the bottom line here is the balanced budget. The President has said he agrees with the balanced budget, but he just does not agree with the numbers we would use to calculate it. And yet the numbers are precisely the numbers he asked us to use in his State of the Union speech, the Congressional Budget Office numbers. He said those were more accurate.

We said, OK, we will use them. Now that we have used them, he said, no, he wants to use a different set of numbers. And some people have said it is the rosy scenario numbers which would enable us to get a balanced budget without making some of the tough decisions which we have tried to make.

Let me conclude by noting why it is so important for us to have a balanced budget. If we can achieve this balanced budget by the year 2002, we will have reduced interest rates by about 2 percent in this country, and that means that a family of four with a \$75,000 home mortgage, for example, a \$15,000 car loan, an \$11,000 student loan, could save about \$2,000 a year in interest costs. My grandson Jonathan was just born this year, and he immediately took a burden of \$187,000 just to pay the interest on the national debt during his lifetime. That is unfair.

What this debate is all about is stopping the spending in Washington, DC, that creates this kind of liability for our children and grandchildren. It is time to stop handing the blank credit card to the big spenders in this city.

And so what this impasse between the President and the Congress is all about is getting to a balanced budget in the year 2002, reducing interest rates so that our citizens can enjoy the savings that are achieved as a result and stopping this additional spending which requires our children and grandchildren to continue to pay for our debts.

Mr. President, I find it ironic that at the very time we are trying to get to this balanced budget in the year 2002, the President is talking about commit-

ting an additional \$2 billion to the quagmire in Bosnia without congressional authorization of any kind in direct violation of the principle that the Congress and the President should both consult before we commit United States troops to this kind of an operation.

And so I find it ironic that that is the action the President is taking at the same time that he shut the Government down by vetoing the legislation and refusing to agree with us to balance the budget in 7 years.

It is time to get serious about balancing the Federal budget.

Mr. DORGAN addressed the Chair.  
The PRESIDING OFFICER. The Senator from North Dakota is recognized.

BUDGET PRIORITIES

Mr. DORGAN. Mr. President I have great respect for my friend from Arizona. It is interesting, and this is a good example of the differences in the way we approach things. He is talking about spending, and he is absolutely right. We need to cut spending. Everybody agrees with that. There is no disagreement about goals. We ought to have a balanced budget. Nobody disagrees with that. I happen to think we ought to spend money in education and other investments. The Senator from Arizona and I have had a debate on this floor about star wars. He thinks we ought to build star wars. We will have that debate again later, I guess, but everybody seems to have their own set of priorities. It is interesting to me; this whole disagreement is being recast as a question of whether some want to balance the budget. That is not the question. Everybody wants to balance the budget. The question is what plan to do you use to get there.

I say this to my colleagues, that the journey we are on at the moment, that is, the journey that leads to the shutdown of the Federal Government, is not a spur-of-the-moment trip.

It has been planned for and packed. Back in April, April 3, Speaker GINGRICH vowed to "create a titanic legislative standoff with [the President] by adding vetoed bills to must-pass legislation increasing the national debt ceiling."

September: "I don't care what the price is," Speaker GINGRICH says. "I don't care if we have no executive offices and no bonds for 30 days—not this time," he says. Speaker GINGRICH has said he would force the Government to miss interest and principal payments for the first time ever to force Democrat Clinton's administration to agree to his 7-year deficit reduction.

The point is, this is not an accident; this is a destination that has been long planned. There are some around here who now gloat about it, that they have caused a shutdown. They may well cause a debt default. It is my judgment

there is no good reason for anybody to gloat. There is no credit in this set of circumstances. We need to solve these problems together.

I want to tell you what the problem is in the differences in priorities. The 7-year plan—and I have no problem with 7 years—the 7-year plan to balance the budget is a plan that is fundamentally unfair. Let me describe it this way: You take the poorest 20 percent of the people and you say to them, "We are going to burden you with 80 percent of all the spending cuts." To the poorest 20 percent of the American people, we are going to say, "We are going to burden you with 80 percent of the spending cuts."

Then you turn to the wealthiest 20 percent of the American people and say, "Guess what, get ready to smile. We are going to give you 80 percent of the tax cuts." The poorest 20 percent is burdened with most of the spending cuts, and the top 20 percent is rewarded with tax cuts.

Now, I do not know what school you attend to take a course in fairness that comes out that way, but it is a school that ought not be accredited. That is what this debate is about.

The other side says, "Well, we're for the middle class." I did not know what they meant until I saw one of our colleagues on the House side, a Congressman from Pennsylvania, and he said his salary of \$133,000, plus a \$50,000 pension that he also gets, "doesn't make me rich." He said, "That doesn't make me middle class. In my opinion, I'm lower middle class."

This Republican Congressman said, "When I see someone who is making from \$300,000 to \$750,000 a year, now, that's middle class." I guess now I understand what they mean when they say they are here to help the middle class—somebody making \$600,000, \$700,000 a year. Well, you know, there are a lot of folks that are not middle class making \$600,000 or \$700,000 a year in this country.

Ronald Reagan, when he proposed a budget plan, he said, "We're going to have a safety net for the most vulnerable Americans, and there will be seven things in the safety net. We're not going to cut them—Head Start, Medicare, Social Security, veterans, SSI, school lunches and summer jobs for youth."

Guess what? Six of these are under the budget knife. Six of what Ronald Reagan said was in the safety net over a dozen years ago are now under the budget knife of this crowd.

No, this is not about whether there should be a balanced budget. Of course there should. It is about the priorities. It is about describing \$600,000-a-year people as middle income and saying, "By the way, we're helping the middle-income folks." What about the people that work all day, every day, for 8, 10 hours, work hard, come home, take

care of their family, making \$20,000, \$30,000, \$40,000, \$50,000 a year, and then discover that much of what they rely on is gone, going to make it harder for them to send their kids to college, going to kick some of their kids off the Head Start Program—55,000 of those kids. Every one has a name. They are told, no Head Start Program; 600,000 summer youth do not get a job because we cannot afford it. But we are off building star wars and B-2 bombers.

No, these priorities are wrong. We ought to balance this budget and we ought to do it soon, but we ought to get the priorities squared away. Let us not talk about middle-income families as \$600,000 a year and give them a big, fat tax break and say, "By the way, we're here to help the middle-income folks."

What a bunch of nonsense. There is no school in America that teaches us this is the definition of "middle income."

There is nothing wrong with someone making \$600,000. God bless them. I wish everybody could do that. But there is something wrong to tell vulnerable people, kids, families who are struggling, that we cannot afford you, but we can build B-2 bombers and star wars because that is where our priorities are. Those are bad priorities, and we ought to change.

The PRESIDING OFFICER (Mr. FRIST). The Senator's time has expired.

Mr. DORGAN. I yield back the balance of my time.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Thank you very much, Mr. President.

#### CONGRESS IS STILL GETTING PAID

Mrs. BOXER. Mr. President, I want to certainly applaud the Senator from North Dakota for his words because they are right on target. This is day two of a partial shutdown of the Government of the United States of America. And, yes, we know it is not impacting too many Americans yet, but it is hurting some veterans, Social Security recipients, those who use our national parks, museums, and monuments, those who need to travel and need to get their passports for business who have already paid for their airline tickets and cannot get their passports.

There are environmental laws that are on the books that are not being enforced because they are not deemed "essential emergencies." That is dangerous. And I might say, there are hundreds of thousands of American workers staying home who chose to work for the Federal Government because they believe that is a proud place to work, and they do not know if they will get their pay. I think they are asking a very legitimate question, and that is:

What about the pay of Members of Congress? What about that?

Well, unless the House acts as the Senate did and passes the no-budget, no-pay bill that I authored with Congressman DICK DURBIN, Members of Congress will get their pay—oh, yes, do not worry—while they send to the President debt extensions and continuing resolutions loaded down with political blackmail. They are getting their pay. They are getting their pay.

NEWT GINGRICH said in April, we are going to "create a titanic legislative standoff with President Clinton by adding vetoed bills to must-pass legislation increasing the national debt ceiling." And that is what he has done. But he has protected his own flock of supporters over there. And I hope people are ringing his phone off the hook, telling him to pass the no budget, no pay. It was supported here by Senator DOLE and Senator DASCHLE, and it passed here twice. Today, the House has a chance to join us because it is in the DC appropriations bill. It is in the conference, and it turns out that Senator JEFFORDS and Senator KOHL are going to push it. Congressman DURBIN is on that conference. All the Members of Congress have to do is vote to send the President a short-term continuing appropriations bill clean, not loaded down with the budget fights because those budget fights are coming.

Why have we not had them yet? Because this Republican Congress has not done its work. They have not finished the appropriations bills. They have not finished the reconciliation bill. When they do, it will be vetoed by this President because of its cruel cuts in Medicare, its cruel cuts in Medicaid, its repeal of national standards for nursing homes, its deep cuts in environmental protection, its deep cuts in education.

This President and the Democrats in this body want to have a balanced budget, but we want to do it the right way, not the wrong way. We are not going to steal from Medicare and Medicaid and education and give a tax cut to those earning millions of dollars a year.

Under their plan, if you earn \$350,000 a year you are going to get back \$5,500 a year. Oh, but Members of Congress are getting paid while this standoff happens, while a million workers are wondering if they can pay their rent. And I can tell you, if not this, what is our job? If not to come together and keep the Government running, what is our job? This is not a ball game.

This is the greatest Nation in the world. When I was a stockbroker, I watched the financial markets, and they shivered when the President got sick or there was any threat of instability.

I am going to show you a quote. The Washington Post wrote on November 15: "Newt's Nightmare for America. Budget gridlock could send stock



prices down as much as 20 percent and lead to higher interest rates and a weaker dollar."

Is this why we should be getting paid? We should not be getting paid.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. FORD. Parliamentary inquiry, Mr. President. What is the timeframe now? We had morning business, I think, until 12:30, and then it was extended. I am not sure where we are.

The PRESIDING OFFICER. To recognize two remaining Senators, the Senator from Minnesota and the Senator from Montana, after which morning business will be closed.

Mr. FORD. I thought it was those Senators on the floor at the time.

The PRESIDING OFFICER. That is correct.

Mr. FORD. I thank the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

#### EXTENSION OF MORNING BUSINESS

Mr. GRAMS. Mr. President, I ask unanimous consent that the period for the transaction of morning business be extended to the hour of 1:30 p.m. today, with Senators permitted to speak for up to 5 minutes each.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

#### GREAT MYTHS: ELVIS LIVES—AND THE PRESIDENT SUPPORTS A BALANCED BUDGET

Mr. GRAMS. Mr. President, to the ancient Greek philosophers, the Earth was the centerpoint of the entire universe. We were fixed in one position, while the Sun, Moon and planets revolved around us.

It was, at the very least, an egotistical assumption.

But it held, for about a thousand years, in fact, until Copernicus came along in the 16th century with a radical idea of his own. This Polish monk who moonlighted as an astronomer decided that the Greeks had it completely backward—that the Sun, in fact, was the central heavenly object and that the Earth, Moon, and their planetary cousins orbited around it.

Even though he was dismissed as a heretic at the time, his revolutionary notion eventually changed the course of science forever.

Well, about 350 years have gone by and today, once again, some long-held beliefs about what actually revolves around what are being challenged. And this time, we are talking about the Federal Government.

Over the course of this century, the Federal Government has gradually developed the attitude that it rests at the center of the Nation's political power.

The people exist to service it.

The States exist to service it.

After 40 years of especially excessive growth, everything today seems to revolve around the Federal Government, and the Government has spent billions of dollars, building up trillions of dollars of debt, trying to justify its existence and all the money we have continually poured into it.

That is in spite of the Constitution, and the very protections built into it by the Founding Fathers to keep a bloated, arrogant, intrusive Federal Government from taking hold.

In 1995, this Congress has the revolutionary idea that things worked better back in the old days, that the Federal Government should revolve around the people and the States, not the other way around.

Our commitment to making that fundamental change is the driving force behind our plan to balance the budget by the year 2002. Unfortunately, trying to convince President Clinton that a balanced budget is worth fighting for is what this temporary Government shutdown is all about.

To Congress, a balanced budget within 7 years is nonnegotiable, as it should be. To President Clinton, it is a political poker chip. He promised during his 1992 campaign that he would eliminate the deficit in 5 years.

Since taking office, he has proposed goals ranging from 10 years down to 7, but in the two budget plans he has actually submitted to Congress, the budget never even comes close to balance.

And yet he strode into a news conference yesterday to announce that: "I proposed to Congress a balanced budget, but Congress refused to accept it."

He used the phrase "balance the budget" 16 times in his brief statement, then walked away without facing the tough questions that would have followed, or should have followed, if the press would want to make the President accountable for his statements.

What he neglected to mention is that his so-called balanced budgets were so ridiculously out of balance that they did not get a single vote—Republican or Democrat—when they were brought before this Chamber.

Mr. President, I have received more than 500 telephone calls from my Minnesota constituents over the last 3 days, and the overwhelming majority of them—7 to 1—agree with Congress. "Stick by your guns and balance the budget," they are saying.

Mark and Sally Crowell of Burnsville, MN felt so strongly about it that they sent me this fax yesterday—something they said they did on behalf of their four children. The fax says:

If President Clinton doesn't want to balance the budget and wants to shut down the government, we guess we are going to have to put up with it for a while.

They—the Democrats—have had 40 years to get it right and have shown that they

have no intention of balancing the budget. Balance it for our children!

Nobody wants a prolonged Government shutdown. Federal workers deserve better than that. The Americans who rely on Government services deserve better than that. Most of all, the taxpayers deserve better than that.

But until we can get past all the campaign rhetoric, threats, and flat-out lies we are hearing from the White House—and until we get a commitment that we will have a balanced budget within 7 years—I am afraid we are not left with much of a choice.

Mr. President, we have debunked a lot of the world's great myths over the last 350 years:

We now know that the Earth revolves around the Sun, just as Copernicus suggested.

If you sail toward the horizon, you will not fall off the edge of the world.

Man can build a flying machine and even take it to the Moon, which, by the way, is not made out of green cheese after all.

All that is left to prove is that Elvis really is dead and that President Clinton does support a balanced budget.

The first one should be easy, but empty rhetoric aside, it is going to take a lot more evidence than we have seen over the past week to convince Congress and the American people that President Clinton is truly serious about wanting a balanced budget.

I yield the floor.

Mr. BURNS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

#### A BALANCED BUDGET—SOMETHING TO HAND OUR CHILDREN

Mr. BURNS. Mr. President, if we are going to be quoting, let us start off with the President. Candidate Clinton said he would balance the budget in 5 years. President Clinton says it cannot be done. Yes, he would embrace a 7-year budget agreement. Now that is not any good anymore. He said he wanted a 10-year plan—I am not real sure—but all with a caveat of, "Yes, I would use and want to use CBO figures," real assumptions. He said that in his State of the Union Address. Now that is off the table.

Basically, what we are saying here is what is on the table: Balance the budget in 7 years using CBO's assumption and real economics. That is all we are asking. I do not think that is too much. It is because we have a very deep feeling and support for education. It is because this side of the aisle is very supportive of and deeply cares for Medicare that we want to save it. We do not stick our head in the sand. Medicare spending will actually go up some 45 percent in the next 7 years, and you say we do not care? Medicaid continues to go up. Welfare continues to go up, even with reform.

And we care for children and grandchildren. Instead of handing them a bill that their country is so far in debt they never will see the bottom—we are spending \$1 billion a day in interest on the national debt now, and to those who would not support a balanced budget, are you saying that you want your benefits now at the expense of your children or your grandchildren? That is the funniest parent I have ever seen, or grandparent.

By not taking the meaningful steps to confront the problems we have now is irresponsible and, I think, probably one of the great facades that has been cast on the American people.

The message over here has been constant since last year. You can talk about Medicare, welfare, the county fair—I do not care what you want to talk about. Basically, we are talking about a balanced budget. We are talking about something we can hand our children that they can deal with. It is because people ran for public office and made a promise to America that we will balance the budget and now the other side says, "We don't want you to keep your promises."

It is very, very simple. There is nothing, there is nothing, there is just nothing that is not simple about this whole presentation.

So while we are quoting quotes and we see the message, one has been consistent, one has not, because maybe the compass sort of goes awry every now and again. The American people have learned one thing—that they do not want business as usual. In the past couple of months, we have heard a lot about the drastic cuts in Medicare. Well, where did we go to school? In the last 7 years, if we spent \$900 billion in Medicare and in the next 7 years we will spend \$1.6 trillion in Medicare—a 45 percent increase—is that a cut? Not where I went to school. A 45 percent increase by the year 2002, and we still balance the budget. The same goes for Medicaid.

Let us talk about the tax package. Candidate Clinton called for a tax cut for the middle class during the campaign of 1992. And then in 1993 he gave this country a tax package that was the largest tax increase in the history of the country. In Houston, he says: Maybe I raised your taxes a little too much, and I sort of cooled this economy a little too much.

Well, in this package, we are trying to help some families. Seventy-five percent or the tax cuts go to families with children. We care about children. There is a \$500 per child tax credit. There are IRA reforms, and also reforms in estate planning, estate taxes, that keeps farms and ranches and small businesses and families functioning. There is an alternative minimum tax reform that creates jobs and does something about investment, providing an expanding economy.

Let us talk a little bit about those death taxes, those estate taxes. It is a form of double taxation. Capital gains is a form of a—let us call it a voluntary tax. Everybody participates in capital gains. If you own anything that appreciates in value, it is capital gains—anything, such as your home, or whatever, you participate in capital gains. It is a voluntary tax. You do not have to pay it because you do not have to sell. I think that is a lot of difference. When we look at a farm or ranch and everybody says, "Do something for the family farm," this is what you can do; we can let them hang on to it and let the next generation farm it or ranch it. That is the way it should be.

Let us not be led astray and be quoting different quotes because of the message, and do not shoot the messenger. There has been one consistent message: Now is the time to get our fiscal house in order.

I come here from county government. We had to balance it there. Sometimes it would become tough because maybe you did not get everything covered, but you found a way to get through it. We even lived through an initiative in Montana called I-105. We could not levy any more mills because people were tired of their tax bill.

I will say to those folks who do not want any reforms at all, if you do not think something has to be done over the entitlements, I have a little fellow out here in Springfield, VA, that takes care of my car. If you say to him, "I want to raise your taxes," and he says, "OK, you do it," then I will probably go along with you. Right now, he has all the taxes he can handle, and he is just making \$25,000 a year. He has a couple of kids and wants to pay for a home. I think he needs a part of the American dream, too.

So we do not care? I think we care a lot. We do not care for Medicare? I think we care a lot. We care enough to sacrifice so that we can save it, so that it will be there for my children and their children. That is what this discussion is all about. That is what it is all about.

Let us talk about the package that has been presented. It is a CR, continuing resolution, and it says, Mr. President, agree to a 7-year balanced budget and use CBO figures, real assumptions, and use real economics, and we will put everybody back to work. But this is the time to balance the budget with the least amount of pain.

So it is because we do care that we go through this. Somebody has to step up and take responsibility. Sometimes that gets to be a little tough. We hear a lot of rhetoric, a lot of rhetoric that really inflames the landscape so that no negotiations can take place at all. I do not propose to do that. What I propose to do is the responsible thing. I think this is the responsible thing.

I always go back to what my dad said. Fathers teach us a lot of things

about discipline, discipline in the family, discipline in your company, and discipline in your job. I can remember when our first child was born and dad was just a farmer down in northwest Missouri. I do not see how most kids make it to be good kids anyway because they are being raised by amateurs. But I asked dad, "How tough do you have to be on your kids disciplinewise?" He said, "It all depends how much you love them." I have never forgotten that, and I have never forgotten that in Government either. It all depends on how much we love this country, how much we want to put her on solid footing, to be both the political and economic leader in this world, because these young people deserve a future, and they cannot do it if they are borrowed up to their eyes.

So this is responsible. This is because we love this country very much. This is the time to do it with the least amount of pain. Let us just do it.

Mr. President, I yield the floor.

Mr. HOLLINGS addressed the Chair.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from South Carolina is recognized.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that I may speak for 10 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### A BALANCED BUDGET

Mr. HOLLINGS. Mr. President, I am reminded that Patrick Henry said, "Peace, peace." Everywhere, men cry 'peace.' But there is no peace." Now the colleagues on the other side of the aisle cry "balanced budget, balanced budget," but there is no balanced budget.

I ask unanimous consent to have printed at this point in the RECORD an article entitled "Polls get in the Way of Washington's Work," from this morning's Post and Courier.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Post and Courier, Wednesday, Nov. 15, 1995]

#### POLLS GET IN THE WAY OF WASHINGTON'S WORK

(By Sen. Ernest F. Hollings)

The silent scandal that permeates Washington is the pollster charade. As in Newsweek's Conventional Wisdom Watch, today's Washington is based on who's up and who's down in the polls. Everyone—the president, Congress and the media—participates. The result? Nothing gets done and no one really expects anything to get done. Meanwhile, the nation's real needs are ignored. There is no genuine plan to guide us. And plans to put us on a pay-as-you-go basis are simply pollster-driven budget schemes fashioned to get politicians past the next election.

John F. Kennedy started it all 35 years ago in West Virginia. Lou Harris' polls identified hot-button issues of concern and Jack Kennedy played them like a Stradivarius. Political polling immediately became the order of



the day. Now even the media wittingly are the engines behind the oppressive reliance on polls. No longer do reporters bow to the who, what, where, when, how and why of fact and accuracy. Instead, they kowtow to pollsters to elicit pithy partisan responses that stem from polls.

The pollster begins each day with "divide and conquer." Voters immediately are divided into age, sex, race, education, working or retired, married or single, veteran or military, city, suburb or rural. No one is considered an American. They have to be Asian-American, African-American, Irish-American.

Division is the pollster mentality, but dissembling is the pollster's art. No pollster has served a day in office. But they'll tell you in a minute that you can't break the Sacred Code of the Pollster. If you want to get—and stay—in office.

Never take a firm position. If you do, you'll divide voters.

Favoring a proposition will put you at odds with those who oppose.

Opposing will separate you from those who favor.

To influence the most voters possible, firmly say that you're "concerned" about any issue so you appear understanding and appease both sides.

Aha! Now any way you slice it, you've identified with the voter. With this kind of soundbite mentality permeating the airwaves, it's easy to understand why there is no leadership in Washington.

Lee Atwater taught that negative politics is the positive path to political victory. As a result, one of the first "musts" for a candidate today is to order negative research on opponents—and himself. Why? To have a prepared answer for any past mistakes or inconsistencies and to be able to unload on an opponent at the end of the campaign when voters finally are interested and there's no time to respond.

Pollsters also teach both incumbents and challengers to preach change. That's why all candidates sound the same. Republicans and Democrats are all for cutting spending and against taxes; for prisons and against crime; for jobs and against welfare; for education and the environment. And, of course, everyone is for the family. With this emphasis on change and negative politics, the logic of the pollster paradigm is that government is the enemy and problem, not the solution. As such, everyone serving in government must be ousted. Thus, there's the cry for term limits.

The media's job is to expose this nonsense. But instead of living up to this responsibility, the media have joined the scam. They feast on polls and partisanship. Rather than reporting the news of the day, they make the news with their own polls. Questions by reporters don't delve into an issue but focus on the poll or partisan aspects of the issue. What they want is conflict.

These days, the pollster charade in the media continues with the ludicrous notion that spending cuts alone can eliminate the deficit. Or worse—that cutting taxes can eliminate the deficit. Nothing could be further from the truth. Since Ronald Reagan's "voodoo" that tax cuts could bring in more revenue and eliminate the deficit, the national debt quintupled from less than \$1 trillion to almost \$5 trillion. And instead of eliminating waste in government, we created the biggest waste of all—\$348 billion a year in interest costs. Since we can't avoid paying interest costs, we borrow a billion dollars daily, which automatically increases spend-

ing a billion, increases the debt a billion and increases interest costs. Every day the cycle starts again.

Both President Clinton's and Speaker Gingrich's budget plans to get rid of this waste are mere ruses to get past next year's election. But Washington politicians figure—who cares? Who will be around seven years from now? And the media lets them get by with it. Our 1995 budget was \$1.52 trillion. The 1996 Clinton budget is \$1.63 trillion. The 1996 Gingrich congressional budget is \$1.60 trillion. Both budgets increase spending. Neither keeps up with the \$1 billion daily increases in the national debt. Over the seven years, spending exceeds revenues by more than \$1 trillion. The media know this yet continue to report "a balanced budget by the year 2002."

Now comes the bogus proposal to balance the budget by reducing cost-of-living increases for Social Security and by raiding Medicare. By law, Social Security funds are in trust and are not to be used to offset the deficit. Similarly, the Medicare trust funds for hospital costs is in the black, but may go into the red by 2002. In other words, both Social Security and Medicare are paid for and in surplus. What is not paid for this minute is defense, education, farm subsidies, environmental protection, veteran's benefits, law enforcement—general government. We readily increase billions for defense and other programs but are unwilling to pay for it. Thus continues the borrowing, spending and downward spiral that increases the deficit. We have fiscal cancer and nobody wants to talk about it.

To put a tourniquet on this deficit-debt hemorrhage, we need spending cuts, spending freezes, a closing of tax loopholes, denying new programs and tax increases. But proposals to do this go unreported. As such, the public believes spending cuts alone will do the job. And the media validate bogus plans to cut taxes as serious moves to balance the budget. That we really are broke is ignored.

Rather than being pollster pawns, the media should serve as an institutional memory to give us perspective. With the Cold War over, it's time to rebuild our economy. More than ever, a strong government is needed—for education, job training research, housing, transportation, technical development and inner-city needs.

But the media treat government as the enemy.

In a silent conspiracy with pollsters and Washington politicians, the media masquerade opinion polls as fact and validate the politics that any tax increase is poison. All the time, the rebuilding of America goes wanting and neither the Clinton nor the Dole/Gingrich forces can talk sense. The train wreck is a media production.

Mr. HOLLINGS. It pretty well explains the reason for our dilemma. Let me address comments of the Senator from Montana, and others, who have made the argument that President Clinton does not want a balanced budget. Those who have the unmitigated gall to come and contend that really ought to be embarrassed. They know no shame.

For openers, we should note that President Clinton came to the Presidency having balanced 10 budgets in a row down in Arkansas. Some of my colleagues that bellow and scream and whine and cry have never seen a balanced budget. But the President did it.

That was one of the Clinton campaign's clarion calls, that he knew how to put Government on a pay-as-you-go basis.

What did he do when he came to town? He cut spending and put us on a path that has led to significant reductions in the Federal budget deficit. Even the opposition contends that it cannot be balanced except in 7 years. But let me address the issue of responsibility. That is what Republicans claim now—that they are responsible and the President is irresponsible. I think somewhere, sometime, somehow the record should show exactly who caused these deficits and who is not responsible for the deficit. You cannot accuse President Lyndon Johnson of causing the deficit. He left office at the end of 1968 with a surplus. Ever heard that word around here? Not just balanced, but totally in the black.

I say in passing that President Nixon did not cause these deficits that we grapple with now. Likewise, President Ford worked his dead-level best even holding a budget summit to try and bring down the deficits. After Ford, President Carter worked to reduce the deficit that he had inherited from President Ford.

Mr. President, it was not until we got to voodoo, Kemp-Roth Reaganomics, that we started this nonsense. President Reagan gave us the first \$100 billion deficit in the history of the land. He gave us the first \$200 billion deficit in the history of the land. President Bush gave us the first \$300 billion deficit in the history of the land. And at the close of his administration, President Bush was fast approaching a \$400 billion deficit. That is where the deficits have come from.

I speak advisedly. President Bush voted for every dollar spent during his 4 years. Not this Senator. Not the distinguished Presiding Officer. But I can guarantee that of the 44 vetoes under President Bush, not a red cent of spending was ever vetoed.

So now we know from whence we came, piling up annual shortfalls until they approached almost \$400 billion deficits. President Clinton comes to town and what did he do? He put together a package to reduce the deficit \$500 billion over 5 years. That is the one person that cannot be accused of causing the deficit—William Jefferson Clinton.

The distinguished Presiding Officer as well as this Senator from South Carolina could be accused. We were here at the time that deficits soared up, up, and away. The expression used by my colleagues on the other side of the aisle is that the President's program leaves us with \$200 billion deficits "for as far as the eye can see."

Heavens above, President Clinton did not cause it. He was down in Little Rock. The first thing he did when he came to town was to say that we are going to start balancing the budget.

Here was a Democrat who said we are going to tax gasoline. We are going to tax liquor. We are going to close corporate loopholes.

And not a peep was heard from that crowd over there. We could not get a single vote in the U.S. Senate from our Republican colleagues. We could not get a single vote in the U.S. House of Representatives from our Republican colleagues.

Now, having caused the trouble, they act like they never heard of it and charge that President Clinton does not want a balanced budget. But what did he do? On top of the \$57 billion in Medicare cuts that were part of his deficit reduction package, he followed up with a proposal to cut another \$120 billion as part of comprehensive health care reform. But my colleagues on the other side of the aisle countered, "Why change the best health care system in the world?" Now they say that unless we cut \$270 billion Medicare will be broke.

Let me quote for the RECORD from the 1994 report of the Medicare trustees.

The trust fund ratio, defined as the ratio of assets at the beginning of the year to disbursements during the year, was 131 percent in 1993 and then under the intermediate assumptions is projected to decline steadily until the fund is completely exhausted in 2001.

This year the same board says that exhaustion will not occur until 2002, as a direct result of the deficit reduction package that we enacted in 1993.

President Clinton did that. Not one Republican on the other side of the aisle had anything to do with it. They ought to be ashamed of themselves, having caused the problem, fussing with the fellow who had nothing to do with the problem, who is trying his best.

And the Republicans say that because he is up in the polls, he will not take a stand. He has taken a stand. It is they who would not. It is all political applesauce. They have been threatening all year, "We will close down the Government." Read this morning's Washington Post.

The Washington Post editorials say, why do you need the FDA? Forget pharmaceuticals. Why do you need the EPA? We can get clean water. That is freedom. I never heard such nonsense.

Close down the Government, they say. And they are reveling in it, trying to act now like they are responsible. And every time we meet, they have to get the gang of 73 satisfied who came to Government with a pledge not to serve.

They ought to get rid of the entire crowd. They ought to understand the charge. The truth of the matter is they have not done a thing to help us. We tried in the Budget Committee to show the extreme nonsense of having a \$245 billion tax cut. Heavens above, we do

not have enough revenue. That is why we have a deficit.

When they proposed this in the Budget Committee, we said "Let's not have the tax cut until we balance the budget." They all voted "no." We said, "Let's have the economic dividend go to Medicare if that's the problem?" Red-faced, they replied, "Let's change the subject."

The chairman of the Budget Committee constantly says "Well, that is the way they did it before; that is the way they did it." Well, I thought the election message of last November a year ago was that we were going to have change. It is the same act, same scene; same players.

We said in 1981 we were going to balance the budget by 1984. In 1985 we had a similar document which said we would have a balanced budget by 1990.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HOLLINGS. I ask unanimous consent for an additional 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HOLLINGS. Then in 1990, heavens above, you know what we said? They said in 1990 that by September 30, 1995, we would have a surplus of \$20.5 billion. Look at the budget document.

And now the chairman of the Budget Committee tries to justify his actions by saying, "Well, that is what you all have done before." That is the trouble. We keep telling the American people that we are getting together on a balanced budget. Then when they finally get together they say, "Oops, something else happened." They have no idea of actually balancing the budget.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the budget tables along with my "Dear Colleague" letter of which each Senator, each Congressman, I sent to them.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### BUDGET TABLES—SENATOR HOLLINGS

(Dollar amounts in billions)

Year	U.S. budget (outlays)	Real deficit	Gross Federal debt	Gross interest
1945	\$92.7		\$260.1	
1946	55.2	-\$10.9	271.0	
1947	34.5	+13.9	257.1	
1948	29.8	+5.1	252.0	
1949	38.8	-0.6	252.6	
1950	42.6	-4.3	256.9	
1951	45.5	+1.6	255.3	
1952	67.7	-3.8	259.1	
1953	76.1	-6.9	266.0	
1954	70.9	-4.8	270.8	
1955	68.4	-3.6	274.4	
1956	70.6	+1.7	272.7	
1957	76.6	+0.4	272.3	
1958	82.4	-7.4	279.7	
1959	92.1	-7.8	287.5	
1960	92.2	-3.0	290.5	
1961	97.7	-2.1	292.6	
1962	106.8	-10.3	302.9	9.1
1963	111.3	-7.4	310.3	9.9
1964	118.5	-5.8	316.1	10.7
1965	118.2	-6.2	322.3	11.3
1966	134.5	-6.2	328.5	12.0
1967	157.5	-11.9	340.4	13.4
1968	178.1	-28.3	368.7	14.6
1969	183.6	+2.9	365.8	16.6

#### BUDGET TABLES—SENATOR HOLLINGS—Continued

(Dollar amounts in billions)

Year	U.S. budget (outlays)	Real deficit	Gross Federal debt	Gross interest
1970	195.6	-15.1	380.9	19.3
1971	210.2	-27.3	408.2	21.0
1972	230.7	-27.7	435.9	21.8
1973	245.7	-30.4	466.3	24.2
1974	269.4	-17.6	483.9	29.3
1975	332.3	-58.0	541.9	32.7
1976	371.8	-87.1	629.0	37.1
1977	409.2	-77.4	706.4	41.9
1978	458.7	-70.2	776.6	48.7
1979	503.5	-52.9	829.5	59.9
1980	590.9	-79.6	909.1	74.8
1981	678.2	-85.7	994.8	95.5
1982	745.8	-142.5	1,137.3	117.2
1983	808.4	-234.4	1,371.7	128.7
1984	851.8	-193.0	1,564.7	153.9
1985	946.4	-252.9	1,817.6	178.9
1986	990.3	-303.0	2,120.6	190.3
1987	1,003.9	-225.5	2,346.1	195.3
1988	1,064.1	-255.2	2,601.3	214.1
1989	1,143.2	-266.7	2,868.0	240.9
1990	1,252.7	-338.6	3,206.6	264.7
1991	1,323.8	-391.9	3,598.5	285.5
1992	1,380.9	-403.6	4,002.1	292.3
1993	1,408.2	-349.3	4,351.4	292.5
1994	1,460.6	-292.3	4,643.7	296.3
1995	1,518.0	-283.3	4,927.0	336.0
1996CBOest.	1,602.0	-311.1	5,238.0	348.0

Note: Historical Tables, Budget of the U.S. Government FY 1996; Beginning in 1962, CBO's 1995 Economic and Budget Outlook 10/10/95.

#### U.S. SENATE,

Washington, DC, November 1, 1995.

DEAR COLLEAGUE: In 1987, in the Budget Committee, a bipartisan group of 8 Senators voted for a 5% value-added-tax to eliminate the deficit and debt. Like everyone else, these 8 Senators abhorred taxes—but there was no other way. Beginning in the 80's, they had tried a spending freeze—then a freeze plus cuts across the board with Gramm-Rudman-Hollings—then a freeze, cuts, and tax loophole closings with the Tax Reform Act of 1986. But the debt with increased interest costs was growing faster than these combined cuts. The only way to put a tourniquet on this hemorrhage of spending and put an end to deficit spending was to apply a freeze, cuts, loophole closings and a tax increase. This was 8 years ago. Now the problem has exploded. In 1980, the debt was less than \$1 trillion—now, quintupled to \$5 trillion; interest costs on the debt were \$75 billion—now, estimated at \$348 billion. To this challenge comes the GOP plan to balance the budget—not with a tax increase but with a tax cut. Ludicrous! Let the facts and figures of the plan speak for themselves:

1. Each year, spending increases;
2. Spending increases exceed the increase in revenues for 7 years by over \$1 trillion;
3. The debt grows by \$1.8 trillion;
4. Interest costs approximate \$500 billion.

Enclosed you will find the undisputed budget figures of the plan. Remember, in 1981, President Reagan submitted a three year plan indicating a balance by 1984. Then, at the end of 1985, President Reagan endorsed a five year plan (Gramm-Rudman-Hollings) showing a balance in 1991. In 1990, the across-the-board cuts of Gramm-Rudman-Hollings were repealed and replaced with spending caps and a totally inadequate tax increase. This 1990 plan of President Bush showed a surplus by 1995 of \$20,500,000,000.

Periodically, we Democrats and Republicans conspire to "balance the budget" to get by the next election. We know it can't be done without a tax increase but the media conveniently goes along. In the words of our fearless Leader, President Reagan, "Here we go again."

With kindest regards, I am

Sincerely,

ERNEST F. HOLLINGS.



*"Here We Go Again": Senator Ernest F. Hollings*

[By fiscal year 1995; in billions of dollars]

Starting in 1995 with:

(a) A deficit of \$283.3 Billion for 1995—	
Outlays .....	1,530
Trust Funds .....	121.9
Unified Deficit .....	161.4
Real Deficit .....	-283.3
Gross Interest .....	336.0

(b) And a debt of \$4,927 Billion

How do you balance the budget by:

- (a) Increasing spending over revenues \$1,801 Billion over seven years?

GOP "SOLID", "NO SMOKE AND MIRRORS" BUDGET PLAN

[In billions of dollars]

Year	CBO outlays	CBO revenues	Cumulative deficits
1996 .....	\$1,583	\$1,355	-228
1997 .....	1,624	1,419	-205
1998 .....	1,663	1,478	-185
1999 .....	1,718	1,549	-169
2000 .....	1,779	1,622	-157
2001 .....	1,819	1,701	-118
2002 .....	1,874	1,884	+10
Total .....	12,060	11,008	-1,052

- (b) And increasing the national debt from \$4,927.0 Billion to \$6,728.0 Billion?

DEBT (OFF CBO's APRIL BASELINE \*)

[In billions of dollars]

Year	National debt	Interest costs
1995 .....	\$4,927.0	\$336.0
1996 .....	5,261.7	369.9
1997 .....	5,551.4	381.6
1998 .....	5,821.6	390.9
1999 .....	6,081.1	404.0
2000 .....	6,331.3	416.1
2001 .....	6,575.9	426.8
2002 .....	6,728.0	436.0
Increase 1995-2002 .....	1,801.0	100.0

\* Off CBO's August Baseline.

[In billions of dollars]

	1996	2002
Debt Includes:		
(1) Owed to the Trust Funds .....	\$1,361.8	\$2,355.7
(2) Owed to Government Accts. ....	81.9	(1)
(3) Owed to Additional Borrowing .....	3,794.3	4,372.7
[Note: No "unified" debt; just total debt] ..	5,238.0	6,728.4

<sup>1</sup> Included above.

- (c) And increasing mandatory spending for interest costs by \$100 billion?

How? You don't!

- (a) 1996 Budget: Kasich Conference Report, p.3 - \$108 Billion Deficit.

- (b) October 20, 1995, CBO Letter from June O'Neill - 105 Billion Deficit.

—You must fabricate a "paper balance" by "smoke and mirrors" and borrowing more: Smoke and Mirrors

- (a) Picking up \$19 billion by cutting the Consumer Price Index (CPI) by .2%—thereby reducing Social Security Benefits and increasing taxes by increasing "bracket creep".

- (b) With impossible spending cuts:

	Billion
Medicare .....	-\$270
Medicaid .....	-\$182
Welfare .....	-\$83

- (c) "Backloading" the plan:

—Promising a cut of \$347 Billion in FY2002 when a cut of \$45 Billion this year will never materialize.

[In billions of dollars]

2002 CBO Baseline Budget .....	\$1,874	\$1,884
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This assumes:

(1) Discretionary Freeze Plus Discretionary Cuts (in 2002) .....	-\$121
(2) Entitlement Cuts and Interest Savings (in 2002) .....	-226

[1996 Cuts, \$45 B] Spending Reductions (in 2002) .....	-347
Using SS Trust Fund .....	-115

Total Reductions (in 2002) .....	-462
+Increased Borrowing from Tax Cut ..	-93

Grand total .....	-555
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- (d) By increasing revenues by decreasing revenues (tax cut) .....

(e) By borrowing and increasing the debt (1995-2002) .....	1,801
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—Includes \$636 billion "embezzlement" of the Social Security Trust Fund.

The Real Problem—  
Not Medicare—In Surplus \$147 Billion—  
Paid For  
Not Social Security—In Surplus \$481 Billion—  
Paid For

But interest costs on the National debt—are now at almost \$1 billion a day and are growing faster than any possible spending cuts

—And Both the Republican Congress and Democratic White House as well as the media are afraid to tell the American people the truth: "A tax increase is necessary."

—Solution: Spending Cuts, Spending Freezes, Tax loophole closings, withholding new programs (AmeriCorps) and a 5% Value Added Tax allocated to the deficit and the debt.

*"Here We Go Again"—Promised Balanced Budgets*

	Billion
President Reagan (by FY1984) 1981 Budget .....	0
President Reagan (by FY1991) 1985 GRH Budget .....	0
President Bush (by FY1995) 1990 Budget .....	+\$20.5

Mr. HOLLINGS. They ought to put me in charge of the CIA. I know how to keep things secret.

But just as the title of my budget tables say, "here we go again". Same thing we did in 1981. Same thing we did in 1985. Same thing we did in 1990. Here we go again in 1995, saying the budget is balanced when their budget is not even near balance and they know it. They know it.

They spend \$636 billion of surpluses in the Social Security trust fund. That is not eliminating deficits. That is moving the deficit from the general fund to the Social Security trust fund to make it appear like we are eliminating deficits. Not so.

Today, we owe Social Security \$484 billion. Spending another \$636 billion under their plan, we will owe over \$1 trillion. So we will come in the year 2002 and say, "Oh, what a smart boy am I, I have Medicare solvent." And then they will look over and say, "Ye gads, I put Social Security into bankruptcy." We will owe it \$1 trillion. Who has the plan to raise \$1 trillion in revenues in 2002?

Mr. President, we are fiddling while Rome burns and they know it. The GOP budget is nothing more than a political document to get by next year's election—excuse me, next year's election and the election in 2000. That is how arrogant they are. Avoid the tough decisions to get by two Presidential elections.

Do you know how much they are supposed to cut in spending in the year 2002? Mr. President, \$347 billion. Right now in debating the fiscal year 1996 appropriations bills, with all the attention, with the Government closed down, we are having difficulty saving \$45 billion. But in the last year, they have to save \$347 billion. The reason that this whole charade is transpiring is that they are trying to force-feed the President what they cannot pass by a majority vote.

I am on these committees. I know. Do you think Republicans are opposed to legal services? I joined with the distinguished Senator from New Mexico to restore the funding.

Do you think the Republicans really want to abolish the Department of Commerce? I know. We joined in to strike that language. We let the Senator who was trying to kill the Department make the motion, for some kind of political advantage. It was embarrassing, but that is what they wanted to do, and I wanted to preserve the Department.

My point is that Republicans and Democrats are not for all these cuts and they know it. That is why 10 of the 13 appropriations bills have not passed. And it is Thanksgiving. We have the "Grinch That Stole Christmas." Now we've got the GINGRICH that is going to steal Thanksgiving with this nonsense. That is exactly what is going on. They cannot get their bills through the Congress, so they are piling it all up in a budget and saying, "Mr. President, take it or leave it." Since he does not take it, "Oh, you are not for a balanced budget."

They ought to give it to him in an orderly process, let him veto it, and let them get two-thirds. Let us have the democratic process, the orderly process of legislation here on the floor of the national Congress and stop all this one-upmanship about who is going to win and who is going to lose in the polls. It is downright embarrassing.

They cannot get it through the Congress. That is why they have not passed the appropriations bills. They cannot pass those appropriations bills because we have right-thinking Members on the Republican side as well as the Democratic side who do not want to do away with technology. They do not want to do away with the Minority Business Administration.

I can go down the list of things on both sides of the aisle. They did not want to do away with the Department of Energy; with the Department of Education.

The PRESIDING OFFICER. The Senator's additional time has expired.

Mr. HOLLINGS. I thank the distinguished Chair.

Mr. President, I ask to proceed just for a couple of minutes more.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator may proceed.

Mr. HOLLINGS. My point is they planned this scenario all year long. They had no idea of passing any appropriations bills. Last December I saw it on TV, and they were going to pass their bills and they were going to do this and that. But as we have already seen, they cannot pass a defense appropriations bill. Defense has been voted down, right over there with the gang of 73.

I am on State, Justice, Commerce and they cannot get that bill enacted. So, not being able to pass them using their own troops, they just load them on to a debt bill and a continuing resolution. This is really just a terrible shame for Government to be conducted in this fashion. All to save that Presidential gang of 73. You see, the 73 control the Speaker, the Speaker controls GRAMM, GRAMM controls DOLE, and DOLE controls the chairman of the Budget Committee, Senator DOMENICI. I feel sorry for my friend from New Mexico.

I hear statements that I know he does not agree with. I see votes that I know he does not agree with. All of these tricks—changing the CPI, backloading the cuts, using the Social Security surpluses, creating a Medicare lockbox—are a bad mistake. I would not vote for it. President Clinton ought not to sign it. He ought to veto it. He knows that is just a document for the next two Presidential elections, to get them in office next November.

I yield the floor.

Mr. GLENN addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio [Mr. GLENN] is recognized.

#### THE DEBT CEILING

Mr. GLENN. Mr. President, I wish to talk for a few minutes about the debt ceiling bill, what happened to it, and an amendment that was on it when it came to the floor.

First, I want to make a couple of comments so that the public will understand exactly what this is all about.

In general terms, we are talking about the balanced budget. There is not a soul in this Chamber, elected or otherwise, who would not agree that we want a balanced budget. I certainly agree with that. The question is, how do we get to that?

We, on the Democratic side, were concerned about this back 2 years ago, in 1993, when we passed the President's proposal for the budget. There was a lot of difficulty passing that. It meant

the committee chairs, of which I was one, had to go through and analyze everything to meet the objectives that were assigned as part of the debt reduction process.

We did that. That was in the summer of 1993. The budget deficit at that time was running right at \$300 billion a year and going up. What happened? We passed a \$500 billion deficit reduction program and it was tough. We passed it without one single Republican vote—not a one. In the Senate, it was a 50-50 tie vote and the Vice President broke that tie.

There were all sorts of dire predictions from the other side. I can remember some of the debate here. "We are going to see millions unemployed. If this passes, it will be a terrible bill. Everything bad is going to happen."

What happened? We were running right at \$300 billion a year at that time. Last year, it went down to \$246 billion, and now down to about \$192 billion. We were on the right path toward a balanced budget.

For the first time since Harry Truman we have had a reduced budget deficit 3 years in a row. So it has been working. We went from \$300 billion to \$246 billion to \$192 billion. The problem is—and I am critical of our own administration and the Democrats and everybody else for not taking action that will keep that trend going. Instead of leveling off we should be trying to further reduce those annual deficits and keep us on the right track. It is not as though we have seen things run away in the last 3 years. I think the President deserves a lot of credit. He is not getting much from the other side, of course. The people over in the House in particular, some of the leadership over there just dismiss the fact for 3 years in a row, the first time since Harry Truman, we have had declining deficits.

What has happened now? As part of this so-called Contract With America, they want to give a \$245 billion tax break as a crown jewel. We are giving a \$245 billion tax break, and the figures are that almost half, a little over half of that goes to people already making \$100,000 a year.

When I point that out to people back home in Ohio, they are incredulous that we could be permitting that to be considered, whether the cuts come from Medicare, Medicaid, education, or environmental protection. Basically, those are not areas that the American people want to give up and say that we are just going to whack with a two-edged sword, or swing machetes back and forth and whack those programs. The American people do not agree with that.

So we have come to an impasse. We can put up with it for a few days. However, I understand that Speaker GINGRICH told his staff in the House as reported on CNN about an hour and a

half ago, that we could look forward to maybe 90 days of this.

I hope that he is not serious about that because, if he is, this will get far beyond just being a domestic problem in the United States of America. We are the leading world currency. We are the leading economy in this whole world. And if ever there begins to be doubt and if ever there begins to be lack of trust in the good faith and credit of the United States of America around the world by letting this impasse run 90 days, we are in deep trouble.

Everybody wants a balanced budget. As I understand it, what we are down to now is they said to the President, "Well, we will agree to provide a clean continuing resolution if you will agree to a balanced budget over 7 years using CBO assumptions." I understand that the President agrees that we are going to balance this budget, the real question is how.

The President, as I understand it, made an offer back that said, "Well, OK, let's make it 7 to 10 years," using mutually agreed upon economic assumptions. And they turned it down. He has to come up with 7 years or else.

That is just flat ideological blackmail. There is no other term that you can put onto it. I think this has gotten to be a bit ridiculous.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GLENN. Mr. President, I ask unanimous consent for another 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GLENN. Mr. President, now to get down to a specific. We had two continuing resolution limit proposals yesterday in which we proposed a straight, clean spending extension to go to the President—nothing else on it, no amendments. Government gets back in operation and away we go, and that is it. There was objection on the other side to that.

The debt ceiling question is very simple. Everyone knows that a debt limit extension is must legislation. You have to have it or everything else in Government stops.

So everyone is aware that there is a lot of pressure toward getting that through. There is a lot of pressure on the President to sign it, and that is why it attracts amendments, because people believe if they can just get their pet amendment, whatever it may be, hooked onto this thing, it can become law without all the protective mechanisms such as hearings, open debate on the floor, perfecting amendments, and consideration of all the long-term impacts and all the other things that we normally have to consider. So people know that when you have a debt limit extension that is must legislation.

What happened? We have no better example of the contempt with which



the legislative process has been treated in recent days than the way in which the so-called regulatory reform bill was attached to the debt ceiling by the House Republicans without any hearings whatsoever, without any analysis, without adequate notice to the minority. A 112-page nongermane amendment was brought to the House floor and attached to the debt limit bill—112 pages. It was done with such haste that at least three versions of the amendment were circulating Thursday morning, November 9, the day of the debate and the vote.

The day before, on November 8, the chief sponsor of the amendment had inserted one version into the CONGRESSIONAL RECORD. It was that version to which my remarks on November 9 were addressed.

Revisions to the amendment were being made so close to the time of introduction on the House floor that the chief sponsors themselves misstated an important provision of the amendment. They referred to the definition of "major rule" and said it was defined in the amendment as one costing \$75 million per year. In the amendment, the cost is \$100 million. This is not a small point.

Cost-benefit analysis of major rules is a huge undertaking that can result in documents—we were told in testimony before the Governmental Affairs Committee—reaching over 100 feet of shelf space just for one rule. So this is not something that is lightly considered.

I do not know which number the House sponsors think is the correct one, since \$100 million is in the amendment, but \$75 million was mentioned by both key sponsors. Are their remarks in error, or is the number in the amendment a typographical error? We do not know. That should not surprise us.

The night before, on November 8, the bill that was given to the House Rules Committee was 132 pages long and defined a major rule with a threshold of \$50 million. The next day at 10 a.m. it was about 20 pages shorter, though still hefty, and defined a major rule with a threshold \$75 million. That was the second version. Then, the third version appeared at about 2:30 p.m. after debate on the amendment had begun, and defined a major rule with a threshold of \$100 million. No wonder the sponsors were confused.

But that confusion did not stop the House Republicans from ramming the bill through with minimum debate.

Well, since the President was going to veto the debt limit bill anyway, we agreed to let it go through the Senate, and I spoke about one version of this amendment on the Senate floor that night. I can tell you that if I thought this regulatory reform bill was going to become law, I would still be here talking these many days, almost. I feel that strongly about it.

Mr. President, I have now examined the version that passed the House, and it turns out that my comments of November 9 require no major revision.

I claimed that the amendment had a supermandate. They changed the language, but the supermandate is still there. How do I know that? Well, besides reading the language, I have the word of the chief sponsor, Representative WALKER. In describing the amendment, he stated that current statutory standards can be "superseded—the so-called supermandate".

Let us be clear about what that means. It means that 25 years of health-based environmental standards for clean air and clean water could be overturned if this amendment became law.

Representative WALKER also describes his amendment as "not as tough as the House bill, nor as loose as the Senate bill". That is one way of putting it. Here is another. The original House bill, H.R. 9, was as reactionary an anti-environment, anti-health, and antisafety legislative instrument as I have seen during my entire 20 years in the U.S. Senate. The Senate bill referred to is the Dole-Johnston bill, S. 343, which is a seriously flawed bill that has failed three cloture motions in the Senate this year.

So, according to the chief sponsor of the amendment, the amendment is a cross between the reactionary H.R. 9 and the not-so-moderate version of S. 343 that failed on three cloture votes. Is this a moderate compromise?

No, it is not. It is an example of what we can expect in a conference with the House on regulatory reform if we go into it with a Senate bill like S. 343.

I think the Walker amendment is extreme. It is reckless, extreme in the burden it places on agencies to defend themselves from the unlimited litigation that would be unleashed by the judicial review provisions of this amendment. It is reckless in the jeopardy that it causes our laws concerning health, safety, and the environment.

We passed it in the U.S. Senate and sent it as part of the debt limit bill over to the President. It is a good thing that he vetoed it.

Mr. President, I am for regulatory reform, but not at the expense of the health and the safety of the American people. I worked hard all year with both Republican and Democratic colleagues to produce a moderate bill, and we came within two votes of passing it. I am still interested in producing a moderate bill that provides real regulatory reform but owes its provenance to no special interest group, and above all protects the American people.

I am for a balanced budget, too. I am for all the things we are trying to do to get the Federal Government on the right track for the American people. But this game playing that is going on, that is largely coming from the House

with literally poor and onerous pieces of legislation hooked on as amendments to an essential bill like the debt limit; this is something we cannot tolerate.

The President was absolutely right to veto that bill, and I think we can still pass legislation here to benefit all of the American people.

We can still do that in this Congress but not if the legislative process is treated with the literal contempt that has been evinced this past week by the way in which reg reform was attached to the debt limit bill.

I thank my colleague for yielding, and I yield the floor.

#### COMMERCE FUNDS LOBBYISTS

Mr. ABRAHAM. Mr. President, I rise today to call my colleagues' attention to a woeful misuse of the taxpayers' money.

As we have debated the so-called Istook amendment banning taxpayer subsidies for lobbyists, those opposed to reform have argued that current law already prohibits using grant funds for advocacy.

But there has come to my attention a blatant example of just this phenomenon.

The National Telecommunications and Information Administration, a part of the Commerce Department, has provided \$200,000 to HandsNet, Inc., a California group which operates an online computer service focused on lobbying and available on the Internet. According to its own Internet-based documents, HandsNet links "5,000 public interest and human service organizations across the United States." Among the services offered: "the latest Action Alerts," a weekly digest summarizing the alerts, and daily updates on key issues.

Mr. President, NTIA's own description of the grant award specifically mentions that the grant will allow "National organizations [to] help local ones keep up to date by publicizing action alerts. . . ."

And what are these action alerts? Allow me to offer a few recent examples:

"ISTOOK AMENDMENT—CALL YOUR REPRESENTATIVES"

The message? "Now is the time to turn up the heat. . . . So Call, E-Mail, or Fax Your Representative Today!"

"GIVE PRESIDENT CLINTON A WAKE-UP CALL."

The message? "If President Clinton signs immoral welfare and Medicaid 'reform' bills, the 60-year-old guaranteed safety net for children will be destroyed."

"CONGRESS YIELDS TO TRADITIONAL VALUES COALITION"

The message? "The hearing, dubbed 'Parental Involvement in Social Issues in Education' . . . Is likely to become a tax-funded platform for gay bashing."

I could go on, Mr. President, but my point is clear. These action alerts are intended to facilitate and increase the effectiveness of lobbying on this Congress. "HandsNet" has a clear political agenda, and it is using Commerce Department funding—the taxpayers' money—to further that agenda.

We cannot afford to fund this kind of political activism. It is a waste of taxpayers' money in times when the Government already taxes too much and spends even more than it takes in. It is also counterproductive, in times of budgetary downsizing, to fund the interest groups that seek to continue Government's expansion.

The sum of \$200,000 may not sound like a lot of money Mr. President, but it is the taxpayers' money. What is more, this practice is entirely too widespread. NTIA also has funded on-line activities for a number of other groups engaged in lobbying activities.

Mr. President, HandsNet members include several special interest groups lobbying against the Istook-McIntosh-Ehrlich reform effort. Not surprisingly, these groups are more than happy to use taxpayer funds to lobby against having taxpayer funds cut off from their lobbying efforts.

This brings up the problem of the Commerce Department itself. I say the problem of the Commerce Department because that agency itself is an invitation and a source of funds for lobbying activities and subsidies against the interests of America's taxpayers.

The General Accounting Office has noted that the Commerce Department is duplicative and so unnecessary. It shares its missions with over 71 Federal departments, agencies and offices. It controls at most 8 percent of funding devoted to actual trade issues in our Government and has no unified purpose for its existence.

What, then, do we get for our \$3.6 billion in funding for the Commerce Department? Corporate welfare and subsidies for lobbying organizations.

The HandsNet example proves how counterproductive Commerce Department grants really are. These grants encourage a growth industry of special-interest lobbying, distort our deliberations here, and push us toward overspending and unbalanced budgets. We must stop this blatant self-interested lobbying for the sake of our Nation and for the sake of our own independence as a legislative body.

I ask unanimous consent that the full text of the Heritage Foundation's Government Integrity Project Report titled "Commerce Department Funds Blatant Lobbying" be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### COMMERCE DEPARTMENT FUNDS BLATANT LOBBYING

(By Marshall Wittman and Charles P. Griffin)

No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any . . . printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose . . . any legislation . . . 18 USC 1913

Opponents of the effort to end 40 years of political corruption manifested in a system of taxpayer-subsidized lobbying often state that existing federal law already prohibits using grant funds for advocacy. They cite the above section of the U.S. Code to defend this view.

It appears, however, that the law is irrelevant. In recent weeks, the Department of Commerce has provided \$200,000 to HandsNet, Inc., a California group which operates an online computer service focused on lobbying and available on the Internet. According to its own Internet-based documents, HandsNet links "5,000 public interest and human service organizations across the United States." Among the services offered: "the latest Action Alerts."

A description of the grant award prepared by the grant provider, the National Telecommunications and Information Administration (part of the Commerce Department), specifically mentions that the grant will allow "National organizations [to] help local ones keep up to date by publicizing action alerts. . . ." A recent selection of alerts includes:

"Istook Amendment—Call Your Representatives 10/30/95—Now is the time to turn up the heat. . . . So Call, E-Mail, or Fax Your Representative Today!"

"Give President Clinton a Wake-Up Call—If President Clinton signs immoral welfare and Medicaid 'reform' bills, the 60-year-old guaranteed safety net for children will be destroyed."

"Stop English-only Proposals in Congress 10/24/95—Call and write to your Representative and Senator. Ask to meet with them directly."

"Congress Yields To Traditional Values Coalition—The hearing, dubbed 'Parental Involvement in Social Issues in Education' . . . is likely to become a tax-funded platform for gay bashing."

Each of the alerts is supported by information to describe what action needs to be taken and what arguments can be used to lobby Congress most effectively.

#### ABOUT THE GRANT TO HANDSNET

The \$200,000 awarded to HandsNet, Inc., of California was to be used for the nationwide training of public interest organizations on how to use the Internet more effectively. The NTIA award summary states that HandsNet "will train 250 organizations in Internet skills, so that they can publish information on the new system." In addition, HandsNet will "conduct a national outreach campaign" to introduce human services groups to the Internet.

The major component of the grant appears to be a new training center in Washington, D.C. The center will be fully functional around January 1, 1996, according to HandsNet documents, but is housed temporarily at the headquarters of Families USA (funder of the 1994 Clinton health care bus caravans). The national center will be operated in conjunction with the Institute for Global Communications, also of California.

#### ABOUT HANDSNET

In reviewing the HandsNet site on the Internet, it appears that its principal purpose is explicit political advocacy. The site has been used in recent months to fight welfare reform and the Istook-McIntosh-Ehrlich Amendment, among many other issues. The three key information components provided are Action Alerts, a Weekly Digest (a summary of the alerts) and daily updates on key issues. According to its Internet site, HandsNet is affiliated with the Institute for Global Communications, an arm of the Tides Foundation. Members of HandsNet include the major opponents of the Istook-McIntosh-Ehrlich reform effort, including OMB Watch and the Alliance for Justice.

#### ABOUT THE TELECOMMUNICATIONS AND INFORMATION INFRASTRUCTURE ASSISTANCE PROGRAM TIAP

The Telecommunications and Information Infrastructure Assistance Program is operated by NTIA in the Commerce Department. Under the Clinton Administration, this program has mushroomed in cost, from \$10 million in FY 1994 to \$25 million in FY 1995. In 1994 there were 92 grants; in the most recent round (to be announced in mid-November, has already awarded), there are 120. There also are indications that the TIAP may subsidize other lobbying activities, in addition to those of HandsNet, Inc.

According to NTIA documents, the Planned Parenthood Federation of America received \$300,000 in 1994 to set up a "nationwide on-line information system" for itself and all 164 affiliates. Also in 1994, a California organization called LatinoNet received funding to "establish a network of regional field representatives" and "demonstrate a model for building a national grassroots information system," among other things.

Organizations that filed proposals and applications for funding in the FY 1995 process include Families USA, ACORN (which led noisy demonstrations in Congress earlier this year), the Congressional Black Caucus Foundation, and Citizens Fund (an affiliate of Citizen Action, an active grassroots lobbying organization). It is unclear which, if any, will receive funding.

#### CONCLUSION

The Commerce Department, through NTIA, has awarded a grant to an online lobbying organization for the specific purpose of engaging more groups in its Internet advocacy efforts. The \$200,000 gift to HandsNet, Inc., to train people in the publishing of action alerts and other lobbying materials represents a blatant misuse of taxpayer funds.

Supporters of taxpayer-funded political patronage argue that the current system is designed to prevent abuses. The case of the Commerce Department and HandsNet, Inc., provides a serious test of this claim. The fact that such a significant grant could be made with no effort to hide the fact that it directly funds lobbying activities clearly demonstrates the need for Congress to reform this costly and irresponsible form of political corruption.

#### SAMPLE ACTION ALERT FROM HANDSNET

Help Stop Medicaid and Medicare Cuts! Call Your Legislators and Mail a Card to the President TODAY!

Unless we all pitch in, Congress may demolish the Medicaid and Medicare programs. During September, the House and Senate will be working out the details of their budget plan, which includes huge cuts in Medicaid and Medicare. If we don't stop them, the health care and long term care needs of millions of Americans of all ages will be in jeopardy. We need your help to stop this madness.



Campaign launched to send a message to Washington! The Save Our Security (SOS) Coalition, headed by Dr. Arthur Flemming, is spearheading a major campaign to put legislators on notice: Don't cut the heart out of Medicaid and Medicare! The SOS Coalition is made up of a wide range of children's, disability, and senior groups.

Special "fight back" action cards are available. These cards are addressed to President Clinton and ask him to use his veto power to stop cuts to Medicare and Medicaid. SOS and its member groups are circulating thousands of these cards. If you would like a card for yourself, or a quantity for your organization to circulate, call 1-800-593-5041 and leave us a message saying how many you need (be sure to give your name and address slowly and clearly!).

What you can do: Read over the card. Call your Senators and your Representative using one of the toll-free numbers. Then put your name and address on the postcard to the President; use the space provided for a personal message to emphasize your concern about Medicaid, or attach a family photo to personalize your card.

Here are a few good places to find people who may be willing to participate: senior centers, day care centers, clinics, union halls, churches or synagogues.

Call the above 800 number to order cards! Provided by: Families USA.

#### THE CONTINUING RESOLUTION

Mr. BYRD. Mr. President, we should not lose sight of the fact that we need a Continuing Resolution because Congress has not completed its work on the fiscal year 1996 appropriation bills. The fiscal year began on October 1st and, yet, today, 6 weeks later, Congress has sent only three of the thirteen appropriation bills to the President that he signed. Congress sent a fourth one, the legislative appropriation bill, which the President, in mid-July, very unwisely vetoed.

Be that as it may, in addition, congressional action on the transportation and legislative appropriation bills has been completed and they are ready to go to the President. Of the eight remaining bills, seven are still in various stages of the legislative process: Defense, Interior, Foreign Operations, Treasury-Postal Service, Commerce, Justice, VA-HUD, and the District of Columbia appropriation bills. The Labor-HHS bill has not even been brought up in this Chamber—6 weeks after the fiscal year began.

One of the major causes of this failure to complete congressional action on these eight appropriation bills is the fact that virtually all of them contain controversial legislative riders, issues such as public housing reform, EPA regulatory issues, mining law reform, California desert protection, National Endowment for the Arts, prison reform, abortion, and rewriting the 1994 crime bill.

In other words, instead of completing our necessary appropriations work, Congress has chosen instead to load up our appropriation bills with items from the Republicans' so-called "Contract With America."

Now, Mr. President, this is my "Contract With America." I keep it in my shirt pocket in all of my waking hours, Sundays included. It is the Constitution of the United States. It is pretty well-worn. It only cost 19 cents when I first gained possession of it—this Contract With America—the Constitution of the United States. That is my contract.

I have read nowhere in this Constitution of the United States that there is any constitutional requirement that we enact the so-called "Contract With America." I say it is "so-called" because it is not a legitimate contract. Any lawyer who has studied law, who has taken a course in contracts, knows that it is not a bona fide contract.

There is no constitutional requirement that Congress enact the so-called "Contract With America." But we are required by the Constitution of the United States to enact appropriation bills and only the Congress may enact appropriation bills.

The reason for the President's veto of the continuing resolution and the resolution to increase the debt limit was that the Republican majority in Congress insisted on including such controversial provisions in each of those appropriation measures. That is why we are at this impasse.

It is incumbent upon the Congress to enact a clean continuing resolution and a clean debt limit increase without adding controversial and unnecessary legislative riders to either. If Congress refuses to do so, then the blame properly lies at the doorstep of Congress.

It has been obvious for months that part of the grand strategy of the Republican majority in Congress was to threaten to shut down the Government and to force a default on our debt in order to coerce the President into accepting their misguided contract items and their misguided budget and Medicare cuts. No question but that we have to cut the budget. We all know that. And we will have to make some reductions in Medicare. But the cuts that are being proposed are, in my judgment, misguided.

A leader of the other body has been extensively and regularly quoted in the media on the subject of a Government shutdown, as well as on the question of increasing the national debt ceiling. In his statements, that leader of the other body has shown a callous disregard for those Americans who are affected adversely by this Government shutdown, as well as for the consequences of the Government's being unable to meet its debt obligations.

For example, on the question of shutting down the Federal Government, he has had the following things to say. The June 3, 1995, issue of the Rocky Mountain News quoted Speaker GINGRICH as saying: "We're going to go over the liberal Democratic part of the Government and then say to them: 'We

could last 60 days, 90 days, 120 days, 5 years, a century.' There's a lot of stuff we don't care if it's ever funded."

The June 5, 1995, issue of Time magazine contained this quote by Speaker GINGRICH. I am quoting Time magazine. "He," meaning the President, "can run the parts of the Government that are left [after the Republican budget cuts] or he"—the President—"can run no Government \* \* \*. Which of the two of us do you think worries more about Government not showing up?"

The September 22, 1995, issue of the Washington Post attributed this quote to Speaker GINGRICH, and I am quoting the Washington Post: "I don't care what the price is. I don't care if we have no executive offices and no bonds for 30 days—not this time."

And on the question of increasing the national debt ceiling so that the Federal Government will not default on its financial commitments, the Washington Times reported on April 3 that Speaker GINGRICH vowed "to create a titanic legislative standoff with President Clinton by adding vetoed bills to must-pass legislation, increasing the national debt ceiling." That is a quote from the Washington Times of the date of April 3, 1995.

The same issue, the April 3, 1995 issue of the Washington Times, also included this quote by Speaker GINGRICH: "The President will veto a number of things and we'll then put them all"—Senators, you can see this coming; this is what is developing here; the prophecy is being fulfilled—"The President will veto a number of things and we'll then put them all on the debt ceiling, and then he'll decide how big a crisis he wants." So there you have it—the complete blueprint for the shutdown.

And finally, the November 8, 1995, issue of Investor's Business Daily contained this quote: "Gingrich has said he would force the Government to miss interest and principle payments for the first time ever to force Democrat Clinton's administration to agree to his seven-year deficit reduction."

So there should be no question in the minds of the American people as to why the shutdown of the Federal Government occurred at 12:01 a.m. yesterday morning. It is because the Republican majority decided months ago and alerted the American people months ago, called the shots months ago that there would be a shutdown and that they would create such a crisis—even though there is no reason for a Government shutdown. All Congress has to do to alleviate and remove this crisis is to simply enact an extension of spending authority for the period of time sufficient to enable Congress to complete its work on the remaining 1996 appropriation bills.

Yet, that is not what the Republican majority proposed in the Continuing Resolution which the President chose to veto. Instead, that resolution included what amounted to a 25 percent

increase in Medicare Part B premiums and made even further deep cuts in education and other public investments. So, it is clear that the Republican majority created this crisis which it said would be created to coerce the President either to accept their wrong-headed proposals or to shut the Government down.

The Republicans demanded higher Medicare premiums as the price of keeping the Government running. Making seniors pay more for health care is the one part of the Republican budget agenda they picked to do first. Higher bills for seniors. The vetoed Continuing Resolution would have increased monthly Medicare premiums on January 1, 1996. Congressional Budget Office estimates indicate that the monthly increase would be \$11.00 above current law. That would mean an increase of \$264 a year in Medicare Part B premiums for an elderly couple.

Mr. President, I cannot for the life of me understand what the Republican majority thought they gained from forcing a Government shutdown at 12:01 a.m. yesterday morning by insisting on including these Medicare premium increases in the Continuing Resolution. The American people can see through this deliberately created train wreck. The November 13, 1995, issue of *The Wall Street Journal* contained an NBC News Poll asking the question: "Who Gets Blamed? If President Clinton and the Republican Congress don't reach a budget agreement in time to avoid a major shutdown of the federal government, who do you think will be more to blame—President Clinton or the Congress?" Forty-three percent of those polled would blame the Republican Congress; thirty-two percent would blame President Clinton; eighteen percent would blame both equally; and seven percent were not sure as to whom they would blame.

And the percentage of Americans who are discontented with Congress keeps growing. Yesterday's *Washington Post* contained the results from a *Washington Post-ABC News* Poll entitled "Battle of the Budget." The question was asked: "There's a possibility the Federal Government might have to shut down in the next few days because the Clinton administration and the Republicans in Congress can't agree on a plan to keep it running while they work on a new budget. Whose fault do you think this mainly is—Clinton's or the Republicans in Congress?" Forty-six percent of those polled place the fault of the government shutdown on the Republicans in Congress; twenty-seven percent fault President Clinton; twenty percent fault both; and two percent fault neither the Republicans in Congress nor President Clinton.

The American people, then, are becoming increasingly disgruntled with this Republican-controlled Congress.

Mr. President, how much time is there remaining?

The PRESIDING OFFICER. The time of the Senator has expired prior to the vote.

Mr. BYRD. Mr. President, I ask unanimous consent I may proceed for not to exceed 7 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, I thank the Chair.

The American people, then, are becoming increasingly disgruntled, as I say, with this Republican-controlled Congress. The American people must be asking themselves what this game of chicken is going to cost and who is going to pay for this fiasco. It is not going to be Members of Congress—who will continue to be paid in full even if the Government shuts down.

Furloughed Federal workers by the hundreds of thousands will not be paid during this funding hiatus, nor will those who do contract work for the Federal Government. But, the President, and Senators, and Members of the House of Representatives, and Federal judges will still receive their full paychecks, no matter how long the shutdown lasts. Be assured, my colleagues, that that situation will not make our constituents love us any more than they do already—which is not very much.

Mr. President, according to the General Accounting Office, there were nine occasions over the period from October 1981 through October 1990 when there were funding gaps of 1 to 3 days. In other words, we had nine short periods, usually over weekends, when there were lapses of appropriations. Not one of these occasions approached the cost or the severity, not to mention the gross irresponsibility, of our present situation. Furthermore, I am deeply concerned by the strident tones surrounding much of the debate on this budget impasse. In the climate of violence and intolerance in American society at large at this time, the extreme rhetoric and incivility emanating from some of our national leaders seems to me to be most unhealthy.

On the last of these occasions, namely Columbus Day weekend (October 6-8, 1990), GAO estimated that the shutdown costs of seven affected Federal agencies totalled \$3.4 million. However, the cost would have been much higher if a 3-day shutdown had occurred during a normal workweek. GAO states that "the total cost of such a 3-day workweek shutdown would range from about \$244.6 million to \$607.3 million, depending upon whether revenues estimated to be lost by the IRS could be recovered." That is a lot of money that will be wasted—at least \$250 million for every 3 workdays that the Government is shut down. This is a very expensive way to prove once and for all to the American people that the Government cannot perform even its most basic responsibilities. No wonder one hears so

much talk about throwing the whole lot of us out of office. This impasse is like nothing that I have ever seen before.

Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BYRD. This impasse is like nothing I have ever seen before in Washington. I was searching for an analogy to describe the current impasse in Washington today and I found it in an unlikely place. Guess where? The November 14, 1995, issue of the *New York Times*, in its Science section, carries a story about the behavior of the great spotted cuckoo. It seems that, in order to advance its territory and deposit its eggs without the bother of doing the work of building a nest of its own, the great spotted cuckoo resorts to creative extortion.

It lays its eggs in magpie nests. If the magpies do not cooperate and hatch and raise the cuckoos' eggs, the cuckoos then destroy the whole nest, killing all the baby chicks and throwing any unhatched eggs out of the nest.

The cuckoos run a kind of "avian mafia," making an offer to the magpies that the magpies can ill afford to refuse.

It appears to me that some in the Congress may have been carefully studying these strange habits in their spare time. These disciples of the great spotted cuckoo have likewise not done their work and instead have insisted upon planting their very special "eggs" in the nests of the Continuing Resolution and the debt limit. If those eggs do not hatch or receive proper attention, these Congressional cuckoo birds fully intend to exact punishment by damaging or destroying our national economy. This is certainly not very civilized behavior.

In the case of the cuckoo, it is described as "thuggish" behavior even among animals, by the *Times*. One thing is certain, Mr. President. The American people must certainly view our current situation as more than a little cuckoo. I daresay they are probably watching us with utter disgust.

Mr. President, I ask unanimous consent that the *New York Times* article be printed in the RECORD.

Mr. President, I yield the floor. There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the *New York Times*, Nov. 14, 1995]  
THUGGISH CUCKOOS USE MUSCLE TO RUN EGG PROTECTION RACKET

(By Carol Kaesuk Yoon)

Biologists had ranked them among nature's most laughable dupes, inexplicably gullible bird-brains that dutifully tended eggs dumped into their nests by other bird species. For evolutionary biologists, the many species of birds that so devote themselves to a stranger's young have been something of a mystery, for even when the dumped eggs and young look nothing like



their own, the birds often favor the parasites' offspring at the expense of their own.

Now a study in the journal *Evolution* offers the first evidence to support what had been considered an unlikely explanation for this behavior. Biologists studying magpies and the great spotted cuckoos that dump eggs into their nests say that the magpie hosts are not dupes at all, but have been forced into cooperation by an avian extortion scheme.

The researchers say the cuckoos return periodically to check on the nests in which they have left their eggs. If they find their young safely there, all is well. If their eggs are missing, tossed out by uncooperative magpie hosts, the cuckoos destroy the nest, killing the remaining egg or chick inhabitants wholesale. In other words, the magpies are members of an avian mafia.

"It's an offer that the birds cannot refuse," said Dr. Anders Møller, an evolutionary biologist at Copenhagen University in Denmark and an author of the study. "It's just the same as in the human mafia. If you resist, it turns out very badly."

Dr. Timothy Clutton-Brock, an evolutionary biologist at Cambridge University in England, called the paper "extremely interesting," saying that such punishment behaviors were probably widespread among animals for keeping others in line. He describes this apparently reliable and adaptive strategy for living as: "You do something nasty to me, I do something even nastier to you."

Raising a nest full of eggs and chicks is difficult, time-consuming work. There is the incubating of eggs, the chasing off of predators, the finding of food for so many peeping, gaping mouths, not to mention feeding oneself to maintain the energy to do all this intensive baby rearing. So cuckoos might well be expected to have evolved all manner of tricks to get other birds to do such work for them.

But Dr. Manuel Soler of the University of Granada in Spain said that he and his colleagues did not believe that birds engaged in such coercive behavior and had set out to disprove the theory known as the mafia hypothesis. Dr. Soler studied the great spotted cuckoos and the magpies they parasitize in high altitude plateaus in southern Spain. He worked with his brother, Dr. Juan Soler, and Dr. Juan Martinez, behavioral ecologists at the university, and Dr. Møller.

To test the hypothesis, Dr. Soler and his colleagues removed cuckoo eggs from 29 nests while leaving them in 28 nests. What they found was that in most of the nests that had had their cuckoo eggs removed either the magpie eggs or chicks that remained were later killed. In contrast, nearly all the nests in which scientists allowed the cuckoo eggs to remain were left intact.

At the same time, scientists monitored nature. The great majority of nests from which magpies had ejected cuckoo eggs on their own, without the help of scientists, were also attacked and their young inhabitants killed. Very few of those magpie nests that accepted the cuckoo eggs suffered such attacks.

Such killings, like most rare and rapid events in nature, are hard to witness. But the biologists say they are confident that the attackers were indeed the cuckoos whose eggs had been ejected. When removing eggs from nests to set up their experiment, the researchers were often scolded by cuckoos, which quickly checked the nests after researchers were done. They also followed one female cuckoo outfitted with a radio transmitter who returned to a nest from which her egg had been removed and destroyed the contents.

But most convincing was the evidence in the nests themselves. For what the biologists found were pecked eggs and wounded nestlings, all left behind by their killers. While other birds and animals attack magpie nests, such hungry predators do not leave their victims behind.

By the breeding season's end, the magpies that accepted cuckoos in their nests tended to produce more magpie young than those that ejected them, suggesting that the cost of noncompliance is high.

"The experiment they did is very convincing," said Dr. Peter Arcese, an ecologist at the University of Wisconsin in Madison. "People are going to have to take seriously the idea that these nest parasites are more sophisticated than we think."

Researchers say the data are the first to support the so-called mafia hypothesis proposed in 1979 by Dr. Amotz Zahavi, a behavioral ecologist at Tel Aviv University in Israel. Dr. Zahavi proposed that nest parasites, like the cuckoo, might be bullying their hosts into accepting eggs under threat of violence if they did not. But in the 16 years since Dr. Zahavi's hypothesis was published, no evidence had turned up in support of it.

"He's put out a number of ideas that people have initially pooch-pooched," said Dr. Arcese, "and later people have shown that, in fact, they may operate."

Dr. Zahavi said, "Obviously it is satisfying that a model you created is found to be true at least for one cuckoo in one place."

But at the same time, researchers note that enforcement may not be the only reason that parasites like the cuckoos are destroying nests.

Dr. Arcese said that based on studies of cowbirds that parasitize song sparrows on Mandarte Island near Victoria, British Columbia, he and his colleagues had evidence that cowbirds could also cause their hosts' nests to fail. But Dr. Arcese says their studies indicate that the cowbirds may be destroying nests, not to teach the song sparrows a lesson, but for their own convenience.

Cowbirds, like other nest parasites, must find nests into which eggs are being freshly laid. In nests with older eggs or eggs of unknown age, the host's young may hatch first, ending incubation and leading to the death of the parasite's egg.

To avoid such problems, Dr. Arcese suggests that parasites, including the cuckoo, may kill young as a way of getting hosts to start another nest, where the parasites can leave their eggs at the perfect time.

Dr. Stephen Rothstein, an evolutionary biologist at the University of California at Santa Barbara, while praising the team's work as "superb," suggested a simpler explanation for the fact that many magpies keep the cuckoo eggs.

While the eggs and young of many parasites look strikingly different from that of their hosts, those of the great spotted cuckoo are good mimics of the magpie's.

"It could just be evolutionary lag," said Dr. Rothstein, describing an idea that has come out of his work with cowbirds. That is, magpies may keep cuckoo eggs simply because they have not yet evolved the ability to make the sometimes difficult distinction between the cuckoo's and their own. It is a lag that leaves the cuckoos winning the evolutionary war, at least for now.

Dr. Rothstein added that he also had evidence that parents of nests from which any eggs had been removed, whether the bird's own or a parasite's, would often desert the nest. He said this could explain the greater rate of attacks on nests from which eggs had

been experimentally ejected as seen in the new study. With eggs missing, the magpie parents might be considerably less interested in tending and protecting the nests, leaving them open to attack by cuckoos or other birds.

To complicate matters even further, Dr. Rothstein said he and his colleagues have studied the same parasite, the great spotted cuckoo, in Israel where it leaves its eggs in crows' nests. Doing similar experiments, they found no evidence of mafia behavior.

But Dr. Arcese said that more and more researchers seemed to be finding such geographical differences in the behavior of these birds. One explanation is that since both the parasites and their hosts are long-lived and can learn, these complex behaviors may actually differ from place to place, depending on what they have experienced.

At the same time, researchers say that both the great spotted cuckoo and the cowbird are extending their ranges, moving into new territory and encountering new birds. Biologists say that with such changes going on, rather than some studies being wrong, all may be right, with researchers witnessing different stages in the ongoing skirmishes of the evolutionary war between these parasites and their hosts.

#### RETIREMENT OF RICHARD EKSTRUM, SOUTH DAKOTA FARM BUREAU PRESIDENT

Mr. DASCHLE. Mr. President, this week South Dakota Farm Bureau president Richard Ekstrum will step down after 20 years of dedicated service. During those two decades, his service to South Dakota and American agriculture has been immeasurable. I have had the privilege of working with Richard and the Farm Bureau for many years and have appreciated his invaluable advice and thoughtful discussions on farm policies and the future of rural America.

Throughout his 10 consecutive terms as president of the South Dakota Farm Bureau, Richard has been an effective advocate and promoter of free market policies for agriculture. Under his leadership, the South Dakota Farm Bureau has more than doubled its membership, from 4,700 to 10,000 members. He has donated over 100 days per year in service to Farm Bureau. His commitment to advancing the needs of rural America cannot be underestimated.

As a hog producer for 30 years Richard knows full well the rewards and challenges of American agriculture. During his tenure as president, agriculture has undergone tremendous changes. It is the mark of a true leader that he has effectively adapted to those changes and moved his organization forward. He understands the critical needs facing rural communities and the necessary steps we must take to ensure farmers and ranchers remain on the land to produce the food and fiber for our Nation.

Not only has Richard been a successful leader and farmer, but he also has traveled the world as an ambassador for South Dakota and American farmers and ranchers. I am sure the people

of the many nations he has visited in his 20 years as Farm Bureau president have been benefited from his experience and expertise.

The South Dakota Farm Bureau will dearly miss the leadership of Richard Ekstrum, as will I. There is no doubt in my mind that he will continue to be an active advocate for South Dakota agriculture. I wish him all the best in his future endeavors and thank him for all his assistance over the years.

#### THE BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, the skyrocketing Federal debt, now slightly in excess of \$13 billion shy of \$5 trillion, has been fueled for a generation by bureaucratic hot air—sort of like a hot air balloon spinning out of control—which everybody has talked about, but almost nobody even tried to fix. That attitude began to change however, immediately after the November 1994 elections.

The 104th Congress promised to hold true to the Founding Fathers' decree that the executive branch of the U.S. Government should never be able to spend a dime unless and until it had been authorized and appropriated by the U.S. Congress.

So, when the new 104th Congress convened this past January, the U.S. House of Representatives quickly approved a balanced budget amendment to the U.S. Constitution. On the Senate side, all but 1 of the 54 Republican Senators supported the balanced budget amendment.

That was the good news. The bad news was that only 13 Democratic Senators supported it, and that killed the balanced budget amendment for the time being. Since a two-thirds vote—67 Senators, if all Senators are present—is necessary to approve a constitutional amendment, the proposed Senate amendment failed by one vote. There will be another vote during the 104th Congress.

Here is today's bad debt boxscore:

As of the close of business Tuesday, November 14, the Federal debt—down to the penny—stood at exactly \$4,987,139,764,503.11 or \$18,931.27 on a per capita basis for every man, woman, and child.

#### EPA/OSHA FINDINGS ON PASSIVE SMOKING

Mr. FORD. Mr. President, the Congressional Research Service [CRS] released a long awaited report today that calls into question the validity of claims that passive smoking presents a risk to nonsmokers. It also highlights questions on the validity of the science behind the Environmental Protection Agency's [EPA] and subsequently the Occupational Safety and Health Administration [OSHA] findings on the effects of secondhand smoke. In 1993, the

EPA released a report classifying passive smoke a "class A carcinogen." This EPA report has been the basis for numerous actions taken to limit smoking in public places with the most dramatic example being the OSHA proposed smoking ban in all workplaces across the United States.

However, this CRS report, indicates well placed skepticism on the methods used by OSHA to justify the need for such draconian and invasive policies as the one espoused by this agency. CRS also questions the very harm of second hand smoke. It found fault with the EPA's premise that there is no safe level of exposure to passive smoke, and the conclusions that OSHA drew from a limited number of studies, a practice which clearly undercuts the validity of the OSHA findings.

The report released today is but the latest in a series by different high level specialists at CRS. Every report has led to the same conclusion: There is no scientific justification for smoking bans or de facto bans like the one issued by OSHA some months ago. In previous reports CRS stated unequivocally that, "the epidemiological evidence for passive-smoking-related disease is weak." It has followed this statement up with today's report which represents a comprehensive look at this subject as well as an examination of purported risks for heart disease.

While many agenda driven researchers have picked and chosen from only the studies that support their views, CRS, an agency which is unquestioned in its objectivity, has, during a lengthy 20 month review, rigorously examined all of the data on this controversial topic. Its conclusion is that the OSHA risk assessment as stated in its proposed rule is incorrect. While CRS is prohibited under its rules from issuing specific policy recommendations, the evidence of the study is clear and bears repeating: There is no scientific justification for the current regulatory action being sought by OSHA.

The CRS study calls into question the very underpinnings that form the basis of Environmental Protection Agency [EPA] and OSHA claims regarding the dangers of second hand smoke. EPA has claimed since the release of its much criticized report back in January 1993, that there is no safe level of exposure to ETS. However, CRS directly refutes this assertion. Furthermore, it finds that the only reasonable chance of risk comes in extreme situations and even in those cases the findings are uncertain and in need of further research. This, in my view, is the scientific equivalent of the townspeople screaming out "The emperor has no clothes."

In light of the seriousness of the findings of this study and the reputation of the organization that is so questioning OSHA actions, I am calling on OSHA to

reopen its hearings on the proposed rule and to re-evaluate the justification for the rule in the first place. I respectfully suggest to my colleagues that this historic study undermines the premise for all government coerced smoking bans.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York, Mr. D'AMATO, is recognized.

#### EXTENSION OF MORNING BUSINESS

Mr. D'AMATO. Mr. President, I ask that the time be continued as if in morning business until I conclude my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered. How much time does the Senator anticipate?

Mr. D'AMATO. Ten minutes.

The PRESIDING OFFICER. Ten minutes. Without objection, it is so ordered.

#### CONCEALING THE TRUE FACTS ABOUT MEXICO AND THE IMF

Mr. D'AMATO. Mr. President, for months, the Clinton administration and the Mexican Government have told Congress and the American people that the President's \$20 billion bailout of Mexico was a success. But the administration and the Mexican Government have been concealing the true facts from the Congress and, more importantly, from the American people. It is wrong and it is outrageous. Particularly in this time of budget austerity when we are having such incredible battles over how to balance the budget and deciding what programs will be cut, I think it is incredible at this point in our history that we are watching tens of billions of dollars go down a sinkhole and do nothing about it.

For almost a year, I have warned that the Clinton bailout of Mexico was doomed to failure. Over the last few weeks, it has become clear that the President's Mexican mirage is evaporating. Truth, unfortunately, is not pleasant at times, so there are those who seek to look the other way. But the truth is finally coming into focus.

The Clinton administration and the Mexican Government can no longer conceal the real facts. We know that record numbers of Mexicans are out of work, that Mexican interest rates are soaring and that Mexico is reeling under increasing social and political unrest.

Before the Mexican peso was devalued last December, it traded at 3.44 against the dollar. On December 22, after the devaluation, the peso was trading at 4.8. Then it went up to 6, and then 7. Yesterday, the peso closed at 7.81. That is a historic low closing rate. Never before has it closed at such a



rate—7.81 pesos to the dollar. This morning, it opened at 7.9. That is shocking. That is unbelievable. The peso is in free fall without Mexican Government intervention.

Indeed, Mr. President, let me suggest that the only people who are making money are the currency speculators. They know that the Mexican central bank will intervene, and so as the peso is devalued, as it becomes worth less and approaches the 8 mark and 8.1 and 8.2, the money speculators begin to buy it up because they know at some point the central bank will move in and they can sell for a handsome profit. They are making their profit, while the Mexican Government is chewing up billions of dollars.

How much longer will we have to wait before we recognize that this program has been a failure? If the Mexican bailout was a success, would interest rates have climbed from 20 percent to over 60 percent? That is exactly what has taken place during this period of time. No economy can survive such crushing interest rates—60 percent. Yet when the Mexican President came to the United States, the Secretary of the Treasury, indeed, the President of the United States, said that the proof that the program was working was Mexico's "pre-payment" of some of their debt. In reality Mexico flipped the \$1.3 billion remainder of their loan, rolled it over, and could not pay it in spite of their so-called early payment of \$700 million.

Since February, the United States and the IMF have poured over \$23 billion into Mexico. The Mexican Government has used American taxpayer dollars to pay off private investors. The administration should not continue to throw good money after bad.

Last week, I offered a Sense-of-the-Senate resolution calling for the public release of an important document, a document prepared by the International Monetary Fund. This report is known as the Whittome Report. The Whittome Report examined the International Monetary Fund's monitoring and response to the Mexican peso crisis. According to news accounts, the IMF's own report concluded that the International Monetary Fund had distorted its reporting on Mexico to placate political pressure from the Mexican Government.

I suggest that the American people have a right to see that report. Why is the Treasury Department hiding that report? Secretary Rubin has classified it on "national security" grounds.

This report talks about the International Monetary Fund's failure. Why should it be classified so that the American people cannot know what is taking place with money that we have invested with the IMF, with money we have sent down to Mexico. It is American taxpayers' dollars. That report should be declassified.

The Treasury Department's classification on national security grounds is hokum. What nonsense. This report has been made available to 178 other countries that are members of the IMF.

So here we have a report that has been widely circulated and is being held on the arbitrary, obviously sham, excuse that its release would jeopardize national security. It is our taxpayers who are providing the bulk of the funding for this bailout package, a package which is failing. This package is producing record unemployment in Mexico, record high interest rates, and has sent the peso to a record low. This bailout jeopardizes Americans' financial interests.

What do we have? We have secrecy from the Treasury Department claiming that release of this report would jeopardize the security of our country, hiding under the pretext of national security grounds.

Mr. President, 178 countries, many of which may be allied against the interests of the United States, have copies of this report, but the American people do not. And this Senator is not permitted to disclose the contents of that report? That is just simply wrong. It is obvious that this administration is attempting to hide the debacle and the fact that we should never have entered into this absolutely shameful relationship.

What we see taking place today is the currency speculators making billions of dollars of profit. Last evening, the Mexican central bank moved in to support the peso; otherwise, it would have closed over 8. And I have to tell you, as long as they are going to continue to do this, the money speculators will ride that rollercoaster up and down. They will continue to make their fortunes.

We are not helping the Mexican people. We are not helping their economy. We are not helping to create job stability. As a matter of fact, the programs that we have insisted upon are creating economic hardship for Mexico. It is just simply wrong, and it is unconscionable.

I do not believe that we should put one more U.S. dollar into this sinkhole. Let us use the money, if we have an opportunity to save that \$7 billion-plus that has not already been wasted, to reduce the budget deficit. Let us use it to fund programs that reasonable people may say, yes, we want to fund but we do not have sufficient money. If we are talking about providing students with an opportunity to get a better education, let us use the money for that program. If we are talking in terms of reducing the Medicare burden, then let us see to it that we make that money available in that area. If we are talking about not having sufficient funds to carry out some of the needs because of budget constraints in the Medicaid Program in years to come, let

us use that \$7 billion-plus instead of putting good money after bad and making rich people and speculators richer at the expense of the taxpayers.

But let us not hide the truth. Why should the Secretary of the Treasury classify this report and keep it from the American people? I ask the Secretary, "What do you have to hide, Mr. Secretary?" One hundred and seventy-eight foreign countries have this report. Some of them put little, if any, money into the IMF, a pittance. The United States of America and the taxpayers have poured in billions. And yet this report is classified on so-called national security grounds? Mr. Secretary, you are telling the people they do not have a right to see what has taken place?

I have not read the report, and I have not read it for good reason, because otherwise I would probably want to come down on the floor of the Senate and expose the sham that took place. We all know it is a sham that took place. The administration does not want people to see that the IMF has mishandled and bungled what took place down in Mexico. Indeed, the program that we have imposed on the Mexican people not only robs the American taxpayers, it will not help the Mexican people.

We continue blindly along as if the emperor had no clothes and we are afraid to say it. Somehow we are afraid, like the fable about the emperor having no clothes. It took some little boy to say what was wrong. Here they did not want us to have the facts because they do not want people to begin to say, "How could you continue this incredible fiasco?"

Mr. President, let me end on this—the Congress of the United States is reluctant to pull the plug in terms of financing for Mexico because they are justly afraid that President Clinton will turn around and say, "Aha, you are responsible for the failure of the Mexican rescue bailout package." That is exactly what would take place but that is wrong. President Clinton knows it and the American people know it too.

But there is no reason for this Congress not to insist at least that the truth be made public. My colleagues, Senators and Congressmen should be demanding the release of this Whittome Report. It should not be left to Senator D'AMATO. It should not be left to any one person. This should be something that we want, that we demand. I urge my colleagues to support this resolution.

So, Mr. President, I am going to continue to call this to the attention of my colleagues in the Congress. They have a duty to step forward and say, "Yes, we want this information. The Congress and the American people are entitled to it and they should have it." For the Secretary of the Treasury to

say on national security grounds he cannot make this information available, is something that is absolutely, totally unreasonable, and not sustainable.

Mr. President, I yield the floor.

#### CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, morning business is now closed.

Mr. D'AMATO. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, I ask unanimous consent to speak as in morning business for 5 or 6 minutes.

The PRESIDING OFFICER. Without objection, the Senator may speak for 6 minutes.

#### TRENDS IN DRUG ABUSE

Mr. GRASSLEY. Mr. President, I have spoken several times on this floor, as have others, about disturbing trends in drug use in this country. Well, the latest bad news is out, having been delayed over 2 months by the administration. The new Drug Abuse Warning Network [DAWN] numbers on hospital admissions for drug emergencies are in. And the story that they have to tell is disturbing.

At least 500,000 Americans ended up in hospital emergency rooms in 1994 in drug-related episodes. Cocaine-related incidents were up 15 percent over 1993, and a stunning 40 percent over 1988. Cocaine-related episodes are the highest since DAWN surveys began. In part, this indicates the consequences for an aging addict population beginning to show the signs of prolonged addiction.

But, with increases among teenagers in the use of hallucinogens, marijuana, uppers, and downers, we are faced with increasing problems in a new generation of users, and storing up problems for the future.

Young people are simply not getting the message that drug use is both harmful and wrong. Since 1990, marijuana/hashish related episodes increased by 155 percent. They increased 40 percent between 1993 and 1994 alone.

When you combine these numbers with recent PRIDE, household survey, and high school survey figures on teenage use, the trend is unmistakable. And it is bad news. After years of decline, after years of young people forgoing drugs, we are seeing all the successes we had wiped out in a few short years as the message about the dangers of drugs has been lost.

The mistake made by the present administration was to believe that they could abandon the bully pulpit on this issue, refocus programs to treatment, and not send a signal to the most at-risk population, our young people, that drug use was not so bad or dangerous. The mistake was in telling people not to inhale instead of saying "no."

The mistake we seem determined to repeat, after our experiences of the 1960's, 1970's, and 1980's, is that you should only have to do the counter-drug effort once, like a smallpox vaccination. Having done this once, we can move on to more pressing issues.

Such thinking is based on a fundamental misunderstanding of the realities of drug use. The most at-risk population for starting use are our teenagers, beginning as early as 12 years old. Unless we declare a moratorium on having children in this country, we will see a new crop of teenagers coming into schools and into contact with a drug culture every year. And they are coming of age now in an environment in which our cultural elite are once again praising the virtues of drug use, further obscuring the message.

Just as we have to give new immunization shots to a new group of teenagers every year. Just as we have to teach a new class geometry, and algebra, and civic responsibilities—every year—we have to provide the moral guidance and information to a new crop of kids that will protect them from drug use.

We have to have the clear, unambiguous message from all sources that can penetrate that teen sense of immortality that persuades them that nothing bad can happen to them simply because they are young. We need to sustain that message so that kids can learn that things they do today can have bad consequences years later.

When we fail to get the word out repeatedly and pointedly, we put our young people at even greater risk. And it encourages those today who still push the 1960's agenda that has destroyed so many promising lives. We cannot afford to do this. We have seen the consequences. And the increases in cocaine and heroin hospital emergencies today are a legacy of our foolishness yesterday. We cannot let this happen to our tomorrow.

I yield the floor.

Mr. PRESSLER addressed the Chair. The PRESIDING OFFICER. The Senator from South Dakota [Mr. PRESSLER] is recognized.

Mr. PRESSLER. Mr. President, I ask unanimous consent to speak for 5 minutes as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator may speak as in morning business for 5 minutes.

#### A CLASHING OF TWO CULTURES

Mr. PRESSLER. Mr. President, in Washington, we are facing a crisis. It is

not just a crisis of a Government shutdown, but it is the crisis of what direction we shall go as a nation regarding a balanced budget.

It is my strongest opinion that the liberals are standing in the way of a balanced budget. I always tell high school audiences that they should decide if they are liberal or conservative. If they are more liberal, they probably should join the liberal wing of the Democratic Party. If they are more conservative, they probably should join the Republican Party.

Let us face it, there are two cultures clashing here. One is the traditional liberal culture of big government; the other is the effort to have less government, lower taxes, less regulation, and the two cultures have clashed here in this balanced budget debate.

It has been my opinion that there has been shameless waste in many Federal Government spending programs—shameless waste. There has been waste, fraud, and abuse, and the American people want our Federal Government to become more efficient. They want to take care of the poor, they want to take care of the Medicaid and Medicare people and, indeed, our budget does take care of them. We are a compassionate people in that we certainly will not abandon the poor and the elderly. But our people want us to be more efficient in the use of Federal dollars.

Working middle-class families have felt that they are left out of the system. A lot of families, or a lot of people, are what are called working middle class. They do not get a lot of the tax breaks. They are required to pull the wagon, so to speak.

There is a revolt across the country of these working middle-class families and their children, because they feel that if we do not move toward a balanced budget, they will have to pay higher taxes and their children will have to pay higher taxes.

I tell all of the high school graduating classes that I talk to that they will have to pay between 3 and 5 percent additional taxes all their lives because of the debt that this country has.

In my State of South Dakota, we primarily have working middle-class people, and they are the ones who drive us to stick together to get this budget passed that will bring us to a balanced budget in the year 2002. I feel passionately that we must give the dream of America back to our children.

I feel that this budget is the most important single piece of legislation, because if we fail, we will be continuing the same habits of deficit spending that has gotten us this huge debt. At some point, we have to stop, and we have reached that point.

In my State of South Dakota, our field offices have received an overwhelming number of calls that indicate that our people want us to continue; our people do not want us to compromise the balanced-budget principle;



our people want us to take the steps. So we have cast many of those difficult votes this year.

I hope our leadership does not compromise. I know that all parties are acting in what they believe to be the national interest. But I think realistically and actually what is happening is that the liberal traditional approach to Government is clashing with what came out of the 1994 elections, and that is a fiscally conservative approach to Government. Those two forces are now clashing, and the working middle-class families of America are watching to see if we have a resolve to continue to move toward a balanced budget by 2002. I urge our leadership to continue that effort.

Ms. MIKULSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland [Ms. MIKULSKI] is recognized.

Ms. MIKULSKI. Mr. President, I ask unanimous consent to speak for 5 minutes in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### A FIGHT ABOUT AMERICA'S FUTURE

Ms. MIKULSKI. Mr. President, as you know, I am a Senator from Maryland, but I am a Senator not only from Maryland but I am a Senator for Maryland. I represent a State that is the host agency to some of the most important Federal agencies in the United States of America: The National Institutes of Health, Goddard, the Federal Drug Administration, Andrews Air Force Base, the home of the President's own; the U.S. Naval Academy.

I come to the Senate floor today to tell you I am absolutely opposed to the continuation of this Government shutdown. It is terrible for Federal employees, it is unfair to the taxpayers of the United States, it has a tremendous negative impact on the State of Maryland, and I believe it compromises America's public health and safety, and I think it threatens our American global reputation.

Today is the second day of the Federal Government shutdown. No end is in sight. We are in gridlock, we are in deadlock, and I think that that is a disgrace.

Now what is this fight all about? Presidential politics? Yes, but this is a fight also about America's future, about our priorities, about our values, what kind of Nation we are going to be, how do we preserve the economic security for senior citizens and provide economic opportunity for young people? That is what the national debate should be all about, but we should not have to shut down the Federal Government to have a conversation about America's future.

That is why I absolutely support the effort of Senator TOM DASCHLE, a Dem-

ocrat, to call for a continuing resolution for at least 5 days to 5 weeks, a cooling-off period where there are no gimmicks, there are no riders, no blackmail, where the leadership of this Nation, Republican and Democrat, can sit down and negotiate really in not what is in a political party's interest, but what is in the national interest.

We must seek the sensible center. We must find an answer to balancing the budget and balancing our priorities at the same time. That is what we should be doing, but we should not be making pawns of Federal employees.

Right now, 800,000 Federal employees were told that they were not essential and sent home. How demeaning. How demeaning to those scientists at NIH. How disgraceful to say that to the people at FDA who are trying to move pharmaceutical products to the marketplace that are safe and effective. How demeaning to the caseworkers who take the calls from senior citizens applying for Social Security, and how disgraceful it is to those who work for the Veterans Administration, who may be veterans themselves—when the veterans call to apply for their disability, they are going to get voice mail.

I have said to the Federal employees, "I think you are essential. I want you on the job and I want you working hard for the people of the United States." And to the taxpayers listening, I hope you call this an outrage. Get on the phone and tell us to pass a continuing resolution to put those Federal employees back to work. Your Government, American people, should be working as hard for you as you work for your money.

I think to close down the Government is an absolute insult to the taxpayers of the United States. We have people on furlough, we have jobs that need to be done, and we are playing politics, we are playing this kind of Mickey Mouse politics. We have to get out of the Disney World of Washington and stop acting like the Federal budget is some aspect that we can play politics with.

Mr. President, I hope that this afternoon we give Senator DASCHLE the chance to offer a continuing resolution, where the Federal Government could be in operation for the next 3 days to the next 5 weeks. Let us reason together. Let us discuss these issues. Let us talk about the timeframe for balancing the budget. Let us include our national priorities—economic security for the old, opportunity for the young—and let us reach out and not be on this side of the aisle or that side of the aisle. Let us go to that sensible center and put our national interests first, put our Federal employees back to work. Let us give the taxpayers a dollar's worth of Government service for a dollar's worth of their taxes. Then we can hold our heads up high and be proud that we are U.S. Senators.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Ms. SNOWE). Without objection, it is so ordered.

#### DO WHAT IS RIGHT FOR AMERICA

Mr. DOLE. Madam President, as we begin the second day of the Federal Government shutdown, I do want to note that like all Senators, I have read the polls that say more Americans are blaming the Republican Congress for the shutdown than are blaming President Clinton.

If you think leadership is all about taking polls—as the White House does—then I suppose you can take heart in these results.

But I happen to believe that leadership is more than just trying to make everybody happy. It is about doing what is right for America and what is right for our children and grandchildren.

From the moment the votes giving Republicans their first congressional majority were tallied last November, we knew we had a choice.

We could either look to the next election, basically leave the status quo intact, and avoid taking any action that might be controversial or unpopular.

Or we could roll up our sleeves and do the hard work of giving the American people the fundamental changes we have needed for so long.

That is the road on which we embarked. We knew the road would be bumpy. We knew there would be those who would urge us to detour to the path of least resistance.

But we also know that if we stay the course, then America will be a better place to live, work, and raise a family.

America will be better because our children and grandchildren will be freed from the crushing burden of our national debt.

America will be better because the lower interest rates that will result from a balanced budget will allow more of us to own a home, buy a car, and take out a college loan.

America will be better because we will have saved Medicare from bankruptcy.

America will be better because we will have returned power to where it belongs—to our States, our cities, our neighborhoods, and our people.

Madam President, I cannot say it any better than did Mr. Joe Ham of Lawrenceville, GA, who sent me the following fax yesterday:

SENATOR DOLE: I know the media and the White House will be pouring on the propaganda, but for our kids' sake and the sake of America, stand your ground.

As Mark Twain said, "In the beginning of a change, the patriot is a scarce man, brave and hated and scorned. When his cause succeeds, however, the timid join him, for then it costs nothing to be a patriot."

Let me just say to Mr. Ham that when I look at House and Senate Republicans I see patriots, patriots who are willing to pay the price for leadership, and who are willing to pay the price of making the tough choices today that will ensure a better tomorrow.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. INHOFE. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### REPUBLICANS SHOULD NOT CAVE IN

Mr. INHOFE. Madam President, I appreciate very much the statement just made by the majority leader. What he has been hearing is the same thing that I have been hearing.

I think a lot of us, Madam President, have been distressed by reading some of the polls that might imply that there is a deadlock, and somehow the Republicans have something to do with it, when, in fact, we have come up with a solution, the solution that was a part of the mandate of the election of 1994.

They told us in loud and clear terms as Republicans took control of both the House and the Senate, that we are tired of business as usual, that we do want less Government involved in our lives. We want to change that trend that has existed since the 1960's.

I am very proud to announce here today that in our partly closed offices around the State of Oklahoma and here in Washington, that we have been watching very closely as the calls come in. The calls have come in, and the very first 6 hours after supposedly the Government shut down, 98 people called in and said that they thought the President was right; but 611 people called in—almost an 8-1 ratio—and those 611 people said "Don't give in."

We made ourselves clear in November of 1994: If the Republicans cannot do it, you know the Democrats will not do it. Do not cave in at this time. We want a balanced budget.

The Republicans have offered a balanced budget. Every Democrat I know of has stood on this floor and said we all want balanced budgets, but when it gets right down to it, they really do not want balanced budgets. They want business as usual.

We have offered a balanced budget. We have sent all this to the President. It is in the President's court now.

It is hard for me to understand what is going to happen. I encourage all of

my Republican colleagues to listen to the loud and clear message that we are getting from Oklahoma, a very wise State. That is, stay the course. The same as Mr. Ham said, who wrote to our majority leader, BOB DOLE, that he quoted a few minutes ago.

I have no intentions of caving in. This is the last opportunity we will have to actually achieve a balanced budget in America. We are going to do it.

I yield the floor.

#### CONGRESS DID NOT DO THEIR WORK

Mr. LEAHY. Madam President, I think there are people watching this debate who should put one thing in perspective: The Government is not being shut down because there is somehow an inability of the White House and the congressional leadership to agree on a 7-year budget plan. The fact of the matter is, it is being shut down because we have not passed 13 appropriations bills.

Now, it is the responsibility—when we talk about whose responsibility is involved, whether the President or the Congress—of the congressional leadership to pass 13 appropriations bills by the end of the fiscal year.

These begin in the other body. I understand the Speaker of the House of Representatives has spoken with a great deal of accuracy of his control over the House. The Speaker of the House of Representatives has spoken about his ability to move what he wants to move through the House of Representatives.

But the fact of the matter is there are only 3 of the 13 appropriations bills that have been signed into law.

We are shortly going to vote on a conference report as we already have on one of the remaining 10 appropriations bills.

If the congressional leadership had passed and sent the President the 13 appropriations bills as they are supposed to do, had they done that by the end of the fiscal year as they are supposed to do, and had the leadership done as they claimed they can with their new majority, to move their agenda through, had they just done the people's business, the business of all Americans—Republicans, Democrats, and independents—had they passed the 13 appropriations bills, we would have no shutdown at all. There would be nothing to shut down. We would have passed the legislation.

Now, they have a majority of Republicans in the House. They have a majority of Republicans in the Senate. They could very easily have passed and sent to the President for signature 13 appropriations bills. Thirteen appropriations bills could have been signed into law, and there would be no Government shutdown today.

Do not talk about this as being some kind of a case where our side and their side or the White House and the congressional leadership cannot meet agreement. If we, here in the Congress, had done the work we are paid to do, hired to do, elected to do—that is, pass our bills on time—everybody would be at work today. None of the stoppages would be occurring. There would be none of the inconvenience and the tourists here in the Capitol would be able to see something besides just us.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mrs. HUTCHISON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Morning business has just expired.

Mrs. HUTCHISON. Madam President, I ask unanimous consent morning business be extended for 5 minutes for the purpose of introducing legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. HUTCHISON. Madam President, I send a bill to the desk and ask it be appropriately referred.

The PRESIDING OFFICER. The bill will be referred to the appropriate committee.

The Senator from Texas is recognized.

Mrs. HUTCHISON. I thank the Chair. (The remarks of Mrs. HUTCHISON and Mr. SIMPSON pertaining to the introduction of S. 1414 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

#### FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1996

Mr. MCCONNELL. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 1868, a bill making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1996, and for other purposes.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives.

*Resolved*, That the House disagree to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 115 to the bill (H.R. 1868) entitled "An Act making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1996, and for other purposes."

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Madam President, let me bring the Senate up to date on the status of the foreign operations appropriations bill. It has been sort of bouncing back and forth between the House and the Senate.



The conference report itself on foreign operations was passed by both Houses by very wide margins. It passed in the Senate 91 to 7. It passed in the House, 331 to 71.

This morning the House passed, once again, language offered by Congressman SMITH, 237 to 183, which remains in disagreement with the Senate. So what we have extant is an amendment in disagreement. The conference report will not be needed—will not be needed to be voted on again.

So what we have before us this afternoon, upon which there will be a motion to table shortly, is the Smith language.

The Senate defeated this language 53 to 44 on November 1, and, candidly, I expect the outcome of the vote we are about to have to be exactly the same. Let me repeat. The only item in disagreement is amendment 115. That is the only item upon which we are called to vote in a few moments.

The underlying conference report, which we have already approved, enjoys strong bipartisan support. We fund a number of key national priorities including the Camp David accords, aid to the NIS, including Armenia and Ukraine. Also in this bill is an extension of the Middle East Peace Facilitation Act.

So, again, let me say the conference report itself enjoys very strong, overwhelming bipartisan support. The only item we have before us today is what is known as the Chris Smith language, on abortion.

My colleague, Senator LEAHY may want to make a few comments and then I believe the chairman of the Appropriations Committee is going to make a motion to table.

I yield the floor.

Mr. LEAHY. Madam President, very briefly, I am old enough to remember going to the movies when they would have a cartoon. They would have sort of a single line to follow the bouncing ball. Most of the other Members here are not old enough to remember those cartoons. But in effect this bill has been like a bouncing ball going back and forth. The distinguished chairman can correct me if I am wrong, but I believe we had 193 items in disagreement in conference that lasted until after midnight. We resolved 192. Both bodies have voted on those. It is time now to realize that the last matter is at an impasse. Let us get the basic bill passed and sent on to the President for his signature and allow this part, at least, of our foreign policy to go forward.

So I support the distinguished chairman in this. I see the superchairman, the overall chairman, on the floor. So I yield the floor.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Madam President, very shortly I am going to move to

table the underlying Senate amendment, amendment No. 115, which will take with it both the original amendment by Senator KASSEBAUM and the House amendment by Congressmen CALLAHAN and SMITH.

Madam President, I need not talk further about the crisis that we all face today and of the need to resolve the crisis. I am taking a small step to narrow the area of disagreement between the White House and the Congress.

But I want to make it very clear that I speak as a deeply committed, unadulterated pro-life person, and I have cast my votes on this Senate floor scores of times on that issue. I ran a political campaign in my State for reelection when that issue was of paramount importance, and Oregon is considered the most pro-choice State in the country.

So I want it clearly understood that, regardless of my personal viewpoint on this question, I have to look at the fact that we are legislating on an appropriations bill, and we do so regularly.

We have three appropriations bills struggling with this issue of abortion. Not one of these amendments belongs on an appropriations bill. It violates the rules of the Senate. It violates the orderly legislative process.

At the same time, this very issue and this form of the abortion question is already on the foreign relations reauthorization bill adopted by the House of Representatives, by the same authors, which will be here for consideration by the full Senate. That is where the issue should be debated. That is where the issue should be worked out, not on the foreign operations appropriation bill.

I realize that when you get into the position of trying to explain procedure to the public, you are lost. But, nevertheless, this is a fundamental procedural question that we have to consider seriously. Bear in mind we could have a vote on this—and I plan to ask for the yeas and nays—so that everyone will have an opportunity to express his or her viewpoint and to cast a vote. I hope that people vote on the procedural question rather than on the abortion question.

That is probably wishing against all odds, but I do feel that even as a pro-life person I will have to vote to table this amendment that was put on this appropriations bill. I have no desire to further encumber the appropriations process and to further exacerbate the contention that now exists between the White House and the Congress. We have to take some small steps to bridge and to resolve that conflict, and I think we ought to be about the business of resolving it rather than exacerbating the circumstances of conflict.

So we can pass this bill. If we will adopt this tabling motion, we can pass this bill that has been approved by this Senate before with 90-some votes. It has gone through the conference with

very little acrimony. So then we can get this bill down to the White House, and the President, as I understand, has signaled that he will sign this appropriations bill.

We are going to get the Transportation bill down to the White House today. The President has indicated he will sign it. We have cleared up the Treasury-Post Office problem in conference. The House will send that over to us. I hope we can get it down tonight or early tomorrow. The President will probably sign it. And then legislative. We can have 7 of the 13 appropriations bills completed and signed by the President in the next 48 hours.

That is going to make the job of reconciling the so-called balanced budget question—or sometimes referred to as the reconciliation, or the continuing resolution—and the debt ceiling; all these others that we must act upon. I think this will help facilitate those other tasks that we have.

So now I move to table the underlying Senate amendment, amendment No. 115, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, when the Senate first considered the amendment in disagreement, regarding abortion funding with foreign aid money, advance notice was given only to those who opposed the House position. Today, no notice was given to anyone. It was I who urged a rollcall vote on the issue.

I urge Senators to support the House position. I heard it mentioned that the Senate already has defeated this language, but that is just not the case. The Senate has never voted directly on this provision and it won't today; previously, it voted on a Kassebaum provision which, in essence, gutted the House provision.

I have heard assertions that pro-life Members refuse to budge on various amendments or provisions. But, Senators should understand that the House position has already changed substantially from its original position in order to meet concerns of the Senate.

The original "Mexico City" language as passed by the House has been modified to cover only foreign private and voluntary organizations. This is an important distinction that Senators on the other side of the aisle ignore.

Furthermore, the provision relating to the U.N. Population Program [UNFPA] was modified by the House in several ways. First, more time was provided to UNFPA to terminate its operations in China, thus allowing it more flexibility. Second, the term "motivate" was redefined so as not to prohibit family planning counseling.

The House has tried to accommodate Senate concerns. It is pro-abortion

Senators who refuse to compromise. And I urge my colleagues to oppose the tabling motion and thereby support the House position.

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. I ask unanimous consent that the vote begin at 10 minutes to 3.

Mr. LEAHY. Madam President, reserving the right to object, I will not object. So people understand, we are trying to coordinate the schedules of people on both sides of the aisle in doing that. I support the motion to table. I support the unanimous consent request of the Senator from Kentucky.

Mr. SARBANES. Reserving the right to object, can one assume that we will have morning business between now and 10 of 3?

Mr. MCCONNELL. I say to my friend from Maryland that we will be glad to divide the 10 minutes between now and 10 minutes to 3. He takes 5 and we take 5. Is that agreeable with the Senator from Maryland?

Mr. SARBANES. Certainly.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SARBANES. Who controls the time, Madam President?

Mr. LEAHY. If we have 5 minutes on this time and the Senator from Kentucky has 5 minutes on that time, I yield my 5 minutes to the Senator from Maryland.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Madam President, I am prompted to rise because of the comments made by the chairman of the Appropriations Committee with respect to passing appropriations bills and sending them to the President.

It is very important to understand how we find ourselves in this outrageous impasse with the Federal Government closing down and with the ability of the United States to honor its debts cast in jeopardy. The fact of the matter is that, as of this morning, only 3 of the 13 appropriations bills have been signed into law. Only four have been sent to the President. He vetoed the legislative appropriations bill, and that has come back to us, and it will have to be resubmitted.

I hear all of these protestations from my colleagues from across the aisle. But the fact is they have not moved the appropriations process forward. Now they want to hold the President hostage and engage in legislative terrorism. That is exactly what is happening here, and 800,000 Federal employees are furloughed as a consequence of this terrorism. How are people who live from paycheck to paycheck going to meet their mortgage payments or tuition payments for their kids who are in school?

A budget reconciliation package has not even been passed in the Congress.

It is not even out of the conference committee. So the President has not had a chance to act on the budget. He has not had a chance to act on most of the appropriations bills—10 out of 13 as of last night. A couple will be sent to him shortly—hopefully this one that is now before us and a couple of others that we be considered shortly. So the fact is that the Congress has not done its work in sending the appropriations bills to the President for him either to sign or to return to the Congress with his veto.

What is underway is a tremendous coercive tactic to try to force the President to accede to the priorities that are being set by my Republican colleagues with respect to the budget, and that essential priority that is contained therein is deep cuts in Medicare in order to give tax breaks to wealthy people. That is essentially the driving force behind the budget proposal of my Republican colleagues. Of course, the President has indicated he will not agree to that, and now they are trying to use every tactic in the book in order to compel him to do so.

It is an outrage that they have closed down the Federal Government. Clearly, what should have been done is we should have had short-term extensions of the appropriations measures and an extension of the debt ceiling until the remainder of the appropriations bills and the reconciliation measure could be sent to the President. That was not done, and the Republicans are now trying to coerce the President into accepting a set of priorities with which he does not agree.

I oppose that set of priorities and continue to do so. But I must say that my colleagues on the other side of the aisle, you are playing with fire. Standard & Poor's this week issued a strongly worded warning to the Government saying the faith of investors has to some degree been diminished by the threat of imminent default on its debt. I ask unanimous consent that the article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1)

Mr. SARBANES. I am now quoting from the article: "The unusual statement by the Standard & Poor's Corporation, the rating agency, said that it was not reducing the United States' triple A credit rating, the highest grade—and one granted to only about a dozen countries. But it clearly left open that possibility."

And they went on later: "The President of Standard & Poor's \* \* \* said"—and this is a quote of his—"if this were any other country than the United States that we were talking about, we would have put them on credit watch." That is the fire that is being played with here.

Later, on their own credit line release, Standard & Poor's questioned

the Government's willingness to make timely debt service. I ask unanimous consent that the article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. SARBANES. Let me just quote:

Standard & Poor's triple A rating of the U.S. Government is predicated on the dual components of the Government's overwhelming capacity and unquestioned willingness to honor its debt obligations. The U.S. Government's financial capacity to meet its debt obligations remains a worldwide standard based on the size and strength of the U.S. economy. However, the current budget dispute between the President and Congress has raised issues regarding the Government's willingness to make timely debt service.

This is what is at risk regarding the game that is being played here. Most of the appropriations bills have not been sent to the President. Of the 13 appropriations bills, as of yesterday, only 4 had been sent to the President. He signed three of them. Now we are starting to send the remaining appropriations bills to the President. And I approve of that process. I hope we will get the bills down to the President.

Not only have the Republicans failed to pass the appropriations bills, but they have also failed to pass the reconciliation bill. The reconciliation measure is not even out of conference. The conference report has not yet passed the House and Senate. It is not even out of conference.

The PRESIDING OFFICER. The Senator's 5 minutes has expired.

Mr. SARBANES. As one of the Federal employees who had been furloughed said in the morning paper, "It is stupid."

The PRESIDING OFFICER. The Senator's 5 minutes has expired.

Mr. SARBANES. He said it is stupid. It is stupid. It is stupid, and it ought to stop. Mr. President, he is right.

#### EXHIBIT 1

[From the New York Times, Nov. 11, 1995]

S. & P. STRONGLY WARNS GOVERNMENT OF  
THREAT OF DEFAULT  
(By David E. Sanger)

WASHINGTON, November 10.—One of the world's leading credit-rating agencies issued a strongly worded warning today to the United States Government, saying that the faith of investors "has, to some degree, been diminished" by the threats of imminent default on its debt.

The unusual statement by the Standard & Poor's Corporation, the rating agency, said that it was not reducing the United States' triple-A credit rating, the highest grade—and one granted to only about a dozen countries. But it clearly left open that possibility if the country failed to meet any of its payments on United States Treasury obligations because of the budget impasse.

In an interview this evening, the president of Standard & Poor's, Leo C. O'Neill, said that "if this were any other country than the U.S. that we were talking about, we would have put them on credit watch," the formal warning the firm issues when a government or company is at risk of having its credit rating lowered.



Mr. O'Neill said that a committee within his firm debated today's statement for nearly two days after it became clear that Congress and the White House were headed toward a showdown. While the warning, which was issued late in the afternoon, itself may rattle the markets early next week, Mr. O'Neill said that he thought it was important that Government officials understand the implications of a default on the country's solid gold credit rating.

He said that he fully expected that the United States would make full payment on its debts. But the willingness of American officials to talk about the possibility of default has already done lasting harm to the United States' international image as a country willing to pay back what it borrows, he said.

"Even if the issue is resolved in the 11th hour and 59th minute, in some respects the damage has been done," Mr. O'Neill said.

The growing uncertainty in Washington over the budget and the prospect of shutting down the Government and defaulting on the national debt is already rippling through Wall Street. Bond prices fell and the broad stock market indexes slumped as the Democratic White House and the Republican Senate headed into the weekend playing an old fashioned game of chicken. And the price of gold, a traditional haven in times of uncertainty, surged \$3.10, to \$390.50.

The price of the 30-year bond fell as the yield, which moves in the opposite direction, rose to 6.33 percent. The Dow Jones industrial average managed to inch 6.14 points higher, to a record 4,870.37. But the S. & P. 500-stock index slipped 0.54 point, to 592.72, and the broader Nasdaq index fell almost 2 points.

For decades the United States has been the gold standard in the world of investing. Long considered the safest of all investments, Government debt is the yardstick by which the risk of lending funds to other nations or corporations is regularly measured. If Standard & Poor's lowered the nation's rating the result would almost certainly be an increase in interest rates, in order to attract investors to take a marginally higher risk of not being paid back on time. That, in turn, would affect a raft of other rates, including variable-rate mortgages held by millions of American homeowners. Those mortgages are usually based on the interest rate of Treasury obligations.

Politically, the rating agency's action today plays into the hands of President Clinton and Treasury Secretary Robert E. Rubin. Both have warned that Congress was threatening America's creditworthiness around the world by linking an increase in the national debt limit to a number of other Republican budget priorities. But many Republicans and some on Wall Street have dismissed that view, contending that investors see the current threats of default as a political sideshow that has little to do with the United States' ability to pay its debts.

It is still unlikely that the United States is heading for default and any imminent action is doubtful. Mr. Rubin has been extraordinarily cagey in recent days when asked how long the United States can continue to meet its obligations without increasing the \$4.9 trillion ceiling on Federal borrowing.

He has authority—which Congress is trying to strip away—to draw on Federal trust funds that keep their money in Treasury securities. That, in turn, would allow the United States to borrow more to meet its operating expenses and to repay investors. The first big hurdle comes on Wednesday, when

the Government must pay \$25 billion in interest to bondholders; another \$44 billion is due the next day.

Standard & Poor's argued today that even without a default, America's reputation among investors was hurting. "Even assuming a debt ceiling agreement is enacted in time to forestall default," the firm said in its statement, "the global capital market's unquestioned faith in the United States Government's willingness to honor its financial obligations has, to some degree, been diminished by the failure of the Government to act in a timely fashion. As a result, the reduced level of market certainty may require some time to overcome, well after the immediate fiscal dispute is resolved."

That wording almost exactly parallels warnings issued recently by Mr. Rubin, who has said the United States will pay for a default "for years and years to come."

Mr. O'Neill said that he had had no contact with Treasury officials concerning his firm's rating of American debt, or about today's statement. This is the first time Standard & Poor's has issued such a warning. In past debt limit battles, Mr. O'Neill said, "we didn't really believe there was a real threat of default; now, we are concerned that the debate isn't being resolved."

When Republicans and Democrats can bicker over who is at fault, only Standard & Poor's and its competitor, Moody's Investors Service Inc., have the power to issue ratings that are followed by investors around the world. They are viewed as politically neutral, interested only in the question of risk, not the wisdom of various budget-cutting policies.

Moody's issued a less dire warning on Wednesday. It said then that while the odds of a default were low, they were already higher than in 1989, when the United States last faced an impasse over the debt limit.

The effects on the United States Government of a lower rating are clear: some institutions in the world will only invest their funds in triple-A securities. But the effects would also be much larger. Many cities and towns issue debt that is linked to United States securities, and others offer those securities as collateral. Standard and Poor's also warned that "a disruption in U.S. Government debt payments also would have major implications for the liquidity of various financial institutions, money market funds and Government bond funds."

#### EXHIBIT 2

#### S&P HIGHLIGHTS BROAD IMPLIC OF US GVT DEBT LIMIT DEBATE

NEW YORK.—Standard & Poor's CreditWire 11/10/95—Standard & Poor's, while maintaining its triple-"A" rating on the United States government, is increasingly concerned about the global financial market ramifications of the current U.S. budget impasse. Even a short-lived default on the U.S. government's direct debt obligations would profoundly impact a broad range of securities and financial market participants.

Even assuming a debt ceiling agreement is enacted in time to forestall default, the global capital market's unquestioned faith in the United States government's willingness to honor its financial obligations has, to some degree, been diminished by the failure of the government to act in a timely fashion. As a result, the reduced level of market certainty may require some time to overcome, well after the immediate fiscal dispute is resolved.

Standard & Poor's triple-"A" rating of the U.S. government is predicated on the dual components of the government's overwhelm-

ing capacity and unquestioned willingness to honor its debt obligations. The U.S. government's financial capacity to meet its debt obligations remains a worldwide standard based on the size and strength of the U.S. economy. However, the current budget dispute between the President and Congress has raised issues regarding the government's willingness to make timely debt service. Standard & Poor's continues to regard that fundamental willingness as consistent with the highest credit rating category, but in the midst of the current budget struggle, the threat of delayed U.S. debt service payments has become a highly charged political tactic.

While the current debate in Washington has focused substantially on the government's ability to honor its debt obligations in the absence of an agreement to raise the existing ceiling about \$4.9 trillion, there are numerous, ancillary debt issues that would also be negatively affected by the failure to reach an agreement. Corollary credit ramifications of a U.S. government default would affect: corporate and municipal agency debt linked to U.S. securities, pre-refunded municipal bonds amounting to \$400 billion, collateralized by U.S. obligations. A disruption of U.S. government debt payments also would have major implications for the liquidity of various financial institutions, money-market funds, and government bonds funds.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. CRAIG. Madam President—

The PRESIDING OFFICER. The Chair informs the Senator that the Senator from Kentucky controls the time.

Mr. CRAIG. Will the Senator from Kentucky yield me 5 minutes?

Mr. MCCONNELL. I yield 5 minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. CRAIG. Madam President, I have listened in the last several minutes to my colleague from Maryland talk about tactics that have caused certain financial interests and indicators in this country to react.

There is a clear tactic that has been played out here for the last several weeks by the Secretary of the Treasury saying that if we did not do certain things, the Government will shut down. All the while he was saying that to the American community of financial interests and to this Congress, he knew and we knew that was nothing but a tactic. And yet he went on with the scare game that has been used and is currently being used.

I suggest, if there is a sense of irresponsibility, then the Secretary of the Treasury ought to know that suggesting something that is not real, and that is financial collapse of this Government if we did not pass a piece of legislation when he knew he had the capacity to keep our Government running and to honor its debt structure for the next several months, is in fact the worst tactic of all.

Now the White House is suggesting that they will not deal with us to achieve a 7-year balanced budget under

CBO figures. "Nonstart, won't go, can't go," says the President and his men, although the President has suggested in a variety of ways that he could accept a balanced budget in 5 years if we gave him a large tax increase. And he got the tax increase, and now it is 9 years and maybe 7 years, but he is not really sure because he does not really know.

Here is what we know. We know that we are headed down the course of producing a budget for this Government and this country that will balance in 7 years, and that in balancing it in 7 years we will use CBO figures because the President said in the Chamber of the U.S. House of Representatives that they are the ones you can trust, the CBO, so we will use those figures.

Beyond the rhetoric of a balanced budget and CBO, and concurrent resolutions and debt ceilings, what is the reality of what we are trying to do? What is the impact on America? What will the American family achieve or receive as a result of our efforts? I suggest to you that a temporary shutdown in the Government, while it may represent some pain, is a short-term problem to a long-term solution. And that long-term solution is achieving a balanced budget.

That is what we are after, and that is not what this President is after because he is not really sure about where he can get and how he can get there, but we are. We have worked to produce legislation that will achieve just that.

Madam President, a \$500 tax cut to 28 million American families raising 51 million children in this country and having the ability to provide a better lifestyle to assure a college education, that is what our balanced budget is all about. I think it is very clear what we are trying to achieve here—provide a more spendable income to create a better sense of being in this country.

Madam President, a 7-year balanced budget with the tax cuts that are proposed in this, they yield good things for America. Why not suggest that the gross national product should grow by an additional \$10.8 billion by the year 2002? A new study just out by an econometric modeling firm, one of the best in the country, indicates just that, if you have a tax cut along with spending reductions of the kind that we put together into the mix—and that is what we are trying to do—you have an additional \$32.1 billion in real disposable income.

What happens when you put real disposable income out there in the hands of the American consumer and the American family? They buy homes, they save for a college education, they buy a new car, they do all of the kinds of things that we ought to be suggesting to the American family they are entitled to do. This President says, "No. Let's stay with the past, let's stay with spending, let's stay with the big

government that has proven itself incapable of dealing with the real needs of America."

That is what we are about here. That is the fundamental argument underway. And I understand what my colleague from Maryland is suggesting. Let me suggest that the long-term benefits of a balanced budget, the kind this President wants to destroy, means real income for America, and real opportunity.

The PRESIDING OFFICER. The Senator's time has expired.

The question now occurs on agreeing to the motion to table the underlying Senate amendment numbered 115. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Indiana [Mr. LUGAR] is necessarily absent.

The PRESIDING OFFICER (Mr. GREGG). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 54, nays 44, as follows:

[Rollcall Vote No. 575 Leg.]

#### YEAS—54

Akaka	Feingold	Mikulski
Baucus	Feinstein	Moseley-Braun
Biden	Glenn	Moynihan
Bingaman	Graham	Murray
Boxer	Harkin	Nunn
Bradley	Hatfield	Pell
Brown	Hollings	Pryor
Bryan	Inouye	Reid
Bumpers	Jeffords	Robb
Byrd	Kassebaum	Rockefeller
Campbell	Kennedy	Roth
Chafee	Kerrey	Sarbanes
Cohen	Kerry	Simon
Conrad	Kohl	Simpson
Daschle	Lautenberg	Snowe
Dodd	Leahy	Specter
Dorgan	Levin	Stevens
Exon	Lieberman	Wellstone

#### NAYS—44

Abraham	Ford	Lott
Ashcroft	Frist	Mack
Bennett	Gorton	McCain
Bond	Gramm	McConnell
Breaux	Grams	Murkowski
Burns	Grassley	Nickles
Coats	Gregg	Pressler
Cochran	Hatch	Santorum
Coverdell	Heflin	Shelby
Craig	Helms	Smith
D'Amato	Hutchinson	Thomas
DeWine	Inhofe	Thompson
Dole	Johnston	Thurmond
Domenici	Kempthorne	Warner
Faircloth	Kyl	

#### NOT VOTING—1

Lugar

So the motion to lay on the table the amendment (No. 115) was agreed to.

Mr. LEAHY. Mr. President, I move to reconsider the vote.

Mr. MCCONNELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MCCONNELL addressed the Chair.

Mr. LEAHY. Mr. President, may we have order, please?

The PRESIDING OFFICER. The Senator is correct.

The Senate will be in order.

The Senator from Kentucky is recognized.

Mr. MCCONNELL. Mr. President, let me describe where I believe we are on the foreign operations bill as of this motion to table.

According to the Senate Parliamentarian, based on precedence, beginning in 1898 and in subsequent votes as recently as 1984, either House has the option to recede on its amendment. Based on discussions with the Parliamentarian, it is my understanding that by tabling amendment No. 115, we have, in effect, receded our position on both the Kassebaum language and the Chris Smith language leaving no further amendments in disagreement. This means no further action is required by the House on the foreign operations appropriations bill, unless it chooses to, and it can be enrolled by the House and sent to the President, again, if the House should choose to take that route.

I thank my colleagues, and I hope we have completed our action on this legislation.

Mr. LEAHY. Mr. President, I concur with the analysis of the Senator from Kentucky. I point out, as I did earlier, the Senator from Kentucky and I went into this conference with 193 items in disagreement; we settled 192, after a great deal of work, a lot of informal conferences, and a formal conference that went well after midnight. This was the only item, and this is the only way to take care of it, frankly.

The Senate has spoken loudly and clearly on this, and it is a good compromise between both bodies. Let us get off this subject. The issue can come up on authorizations bills, where it belongs, not on appropriations bills, and we can go on with the business of the Senate.

The only way we are going to get out of the real budget problem we have, when people are out of work and everything else, is to pass the appropriations bills. Here is another 1 of the 13 appropriations bills that could go to the President. If he signed it, that would be 3 of the 13 appropriations bills signed, with only 10 more to go, and we are out of this problem.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, let me say that, hopefully, within the next minute or two, we can call up another conference report—the Treasury, Postal Service appropriations bill. As I understand it, the Senate papers are on the way up.

The PRESIDING OFFICER. That is correct.



**TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS ACT, 1996—CONFERENCE REPORT**

Mr. DOLE. Mr. President, I submit a report of the committee of conference on H.R. 2020 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2020) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1996, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of October 25, 1995.)

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRYOR. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. Mr. President, I thank the Chair for recognizing me.

Mr. President, in a few moments it is my understanding, according to the majority leader's request, that we are about to begin consideration of the conference report on the Treasury-Postal appropriations bill. That is my understanding. I think that will be coming to the Senate floor in just a very few moments.

Mr. President, I want to remind my colleagues respectfully, notwithstanding the fact that the Senate in a voice vote knocked out a provision which was in the bill that came over from the House of Representatives, this provision has now been put back in during the conference between the House and Senate, and the final conference report including this provision is going to be voted on in a few moments by the Senate.

Here is what this provision does: For the first time—for the first time—in the history of this great Republic, we are going to grant the authority for the Internal Revenue Service to privatize tax collections—for the first time.

There are no guidelines. There are no ethics rules. There are no laws or regulations that pertain to this at this point. But we are going to be saying that we are going to put \$13 million in

for a pilot project to see how much law firms, lawyers, and private bill collectors can go out and collect from people who owe the Internal Revenue Service money.

This was tried a few years ago, as far back as the ancient Greeks. Actually, this led, I might say, to this practice being labeled as "tax farming." These tax farmers, Mr. President, became so very unpopular that ultimately they were beheaded. There is a lot written about this. There is a lot stated about this.

We are about to commit the act of not recognizing our history nor realizing what this could do in the future of tax collections in this country.

I have been advised, Mr. President, by those with great experience in parliamentary procedure—certainly greater than myself—that it will be impossible for this Senator or any other Senator to move that we recommit the conference report with instructions to the conferees. The reason is that there is no conference—the conference has disbanded. That is my understanding at this point. I hope I am wrong about that, but I think I am correct.

Second, I then thought perhaps I would try something like a sense of the Senate or perhaps some other avenue of approach so that we could strike from this bill that particularly onerous provision that is going to send this country stepping toward tax farming and tax collections by the private sector against our own citizens.

Mr. President, I have been advised that there is nothing that I can do at this moment to strike that provision, with the exception of just trying to talk about it and wait for another provision in another piece of legislation subsequent to this at the appropriate time.

In a moment, I will continue this discussion. I will continue talking about why I think this is a very, very bad step, a dangerous step, a precedent-setting step, wading off into an area where we have no guidelines, no ethics protection, no protection for confidentiality to protect the taxpayers, something that I hope at the appropriate time we can strike from this particular piece of legislation.

I thank the Chair for recognizing me. I yield the floor.

Mr. MCCAIN. Mr. President I want to take 1 minute to thank both the managers of the bill, Senator SHELBY and Senator KERREY.

I often am critical of appropriations bills that come to the floor because of unnecessary and wasteful spending that is associated with it. I want to say that I have reviewed this bill, and with a very rare exception, this bill is clean of wasteful and unauthorized programs.

I think it is probably the best piece of legislation in the appropriation cycle that I have seen. I want to express my appreciation to both Senator

KERREY and Senator SHELBY for resisting what seems to be irresistible on the part of some members of the Appropriations Committee, and that is loading it up with unauthorized projects and other special interest programs.

I want to again thank him for an outstanding piece of legislation. I yield the floor.

Mr. BUMPERS. Mr. President, I see Senator SHELBY is not here, and I assumed we were not ready to start in on this bill. I thought I might make a few remarks pending his arrival.

Mr. KERREY. I would like to begin. I know Senator SHELBY will be down here shortly.

How long will the Senator speak? Mr. BUMPERS. You never know when I get wound up.

Mr. KERREY. I am aware of that. The Senator from Alabama is coming to the floor.

Mr. BUMPERS. Is there a time agreement on the bill?

Mr. KERREY. I believe they are going to try to set the time for the vote at 5 o'clock, and I doubt that Senator SHELBY and I are going to take a great deal of time in opening statements.

Mr. BUMPERS. Fine. I will wait until then or at some hiatus in the bill to speak, Mr. President. I thank the distinguished ranking member.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, today with my distinguished ranking member, Senator KERRY, I bring to the Senate the conference report for H.R. 2020, the fiscal year 1996 appropriations for the Department of the Treasury, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies.

The conference report we are presenting today contains total funding of \$23,161,490. This bill is \$339,457,000 below the appropriations provided in fiscal year 1995. It is \$15,797,000 below the House-passed bill and \$1,735,000,000 below the President's request.

Of the totals in this bill the conference is recommending \$11,263,514,000 for new discretionary spending. The balance, \$11,889,400,000 is for mandatory programs.

The \$11,263,514,000 the committee proposes for domestic discretionary programs is almost \$1.8 billion below the President's request. Let me repeat that, Mr. President. This bill is nearly \$1.8 billion below the President's fiscal year 1996 request. It is also \$340 million below the amount appropriated for the accounts funded in this bill in fiscal year 1995.

Reaching this level has not been an easy task. We have had to make some very difficult decisions, while trying to ensure that funds are made available to carry out essential Government services.

Mr. President, this bill includes \$10,303,999,000 for the Department of the Treasury.

The conference report includes \$121,908,000 for payment to the Postal Service fund for free mail for the blind, overseas voting, and payment to the Department of Labor for disability costs incurred by the old Post Office Department.

The President receives \$156,844,000 to exercise the duties and responsibilities of the Executive Office of the President.

This conference report contains \$7.5 million for the operations of the Office of National Drug Control Policy. The fact that we have included funding for the drug czar's office does not mean I am satisfied with the current drug policy of this administration. I have made my feelings on the ineffectiveness of this office known before. I will not take the time of my colleagues to restate it again today. I do want to reiterate that the committee will revisit funding for ONDCP in 1996. I certainly hope we will see some changes.

This bill includes \$545,002,000 for construction of new courthouses and Federal facilities. This funding provides the General Services Administration the ability to let construction contracts for buildings which construction can begin in fiscal year 1996. There is no funding for projects where no construction awards can be made in fiscal year 1996.

There is \$11.8 billion in mandatory payments through the Office of Personnel Management for annuitant and employee health, disability and retirement, and life insurance benefits.

There is approximately \$375 million for other independent agencies.

Mr. President, this bill proposes to terminate the Advisory Commission on Intergovernmental Relations and the Administrative Conference of the United States. Funds are provided for ACIR to complete the unfunded mandates study, and provide for the orderly closedown of the two agencies.

Mr. President, this subcommittee continues to be a strong supporter of law enforcement. We have done what we can to ensure that the law enforcement agencies funded in this bill have the resources to do the job we ask them to do.

There has been considerable discussion since this bill was reported from the subcommittee about the level of funding for the Internal Revenue Service. The level of discussion continued through the conference. The conference report exceeds the bill passed by the Senate by \$31 million. The Senate conferees worked with the conferees from the other body to do what we could to resolve the differences between the two Houses to balance processing and enforcement, while continuing tax systems modernization efforts.

Mr. President, let me be perfectly clear on this. As I said when the Senate first deliberated this bill, that the committee's options were limited.

Many may disagree with the choices we have made, but we had to work with limited resources. Funding for the IRS makes up 65 percent of the discretionary spending in this bill. There is no other way to reach savings called for in our 602(b) allocation.

Mr. President, this bill, as we all know has been held up because of discussions on the legislative language popularly called the Istook amendment. The amendment in disagreement is language offered by Senator SIMPSON, which I support. The other body insisted that the Senate recede from its position in amendment No. 132. Senator SIMPSON, the sponsor of this amendment, has indicated that he will support the motion to recede on this amendment so we can send this bill to the President. I personally want to thank Senators SIMPSON and CRAIG for all of their hard work on this issue.

I yield to Senator KERREY, the subcommittee's ranking member.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. KERREY. Mr. President, I thank the Chair. First let me congratulate the Senator from Alabama for doing an exceptional job of chairing this subcommittee and working through the various amendments and problems that he has faced, along with Chairman LIGHTFOOT on the House side, in making certain we can deliver a bill to the President.

#### PRIVILEGE OF THE FLOOR

Mr. KERREY. Mr. President, I ask unanimous consent that John Libonati, legislative fellow with the Appropriations Committee, be granted the privilege of the floor throughout the consideration of the conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERREY. Mr. President, I am pleased to join the subcommittee chairman, Senator SHELBY, in bringing this conference report to the floor.

As the chairman pointed out, this conference report is substantially below the requested and enacted levels for the many programs and activities under the jurisdiction of the Treasury Department, the Executive Office of the President, and certain independent agencies.

Having said that, I want to take this opportunity to compliment the distinguished Senator from Alabama, Mr. SHELBY, and the House subcommittee chairman, Mr. LIGHTFOOT, for the bipartisan spirit they both displayed during the conference to craft a conference agreement which, under the most severe budgetary constraints, meets the highest priorities of both the executive branch and the Congress.

The conference report contains funding for the continuation of the Council of Economic Advisers, which the House had proposed to eliminate, and does not include many of the controversial

legislative riders which would most assuredly open this bill to a Presidential veto.

This conference report funds Federal programs where a compelling case has been made for their continued existence. And, in the case of two agencies, the Administrative Conference of the United States and the Advisory Commission on Intergovernmental Relations, it provides only limited funding for the orderly close out of their operations.

While most programs have been reduced below enacted levels, the conference agreement does contain modest increases for Treasury law enforcement agencies to permit them to sustain current levels of vigilance in the war on drugs, violent and financial crimes investigations, counterterrorism, Presidential protection, White House security, and law enforcement training.

Funding for new Federal building and courthouse construction has been funded at the Senate-passed level of \$573 million, or \$415 million below the requested level. In addition, the Senate criteria on Federal building construction were adopted by the conferees. These criteria provide full funding for GSA's highest priority projects, which have received site or design funds in the past; but do not permit the funding of new starts or projects where the construction contract awards will not be awarded in fiscal year 1996.

I believe this is a sound approach. We are funding buildings at levels that will permit GSA to complete the projects. We did not go along with the House proposal to provide 40-percent funding for these projects. That approach will only prolong these projects and will not enable GSA to let any contracts in fiscal year 1996.

Mr. President, having said that, I do not support all of the actions taken by the conference committee. I am particularly concerned that the Senate provision fencing IRS tax systems modernization funds until GAO certifies that certain corrections in the management of the program have been made, was dropped.

Mr. President, to date, \$2.5 billion has been invested in this program to modernize IRS' outdated computer systems. The conference agreement contains an additional \$695 million toward this effort. When all is said and done, this program could cost the taxpayers upward of \$8 billion. This is a hefty sum of money, particularly in these budgetary times, for a program which according to GAO is fraught with mismanagement and infrastructure problems. There is no doubt that the TSM concept should revolutionize the IRS. However, the way the agency is progressing on its implementation at this juncture, at some point in the future, we could find us regretting this substantial investment.

Mr. President, I am also concerned about the reduced funding level for the



IRS returns processing and taxpayer assistance account. The conference agreement cuts \$81 million from the President's requested level for IRS' front-line returns processing and taxpayer assistance activities. The IRS estimates that it will process about 211 million returns and supplemental documents and will issue about 83 million tax refunds in fiscal year 1996. This is an increase of about 3 million returns and documents and 2 million refunds above the 1995 level. I just hope, Mr. President, that as a result of these reductions, refunds are not delayed and taxpayer questions do not go unanswered because we have not provided the agency with the funds it needs to operate at increased service levels.

I am pleased that the final agreement includes a provision which I offered on the Senate bill to establish a Commission on the Restructuring of the Internal Revenue Service. I am hopeful, that through the work of this Commission, we will come up with some workable solutions to make the IRS a more customer-oriented organization, which will be the Nation's leading revenue producer while operating more economically and efficiently.

Mr. President, depending on what happens to the amendment in disagreement, amendment No. 132, I believe this bill will be signed by the President. This bill was passed by the Senate on August 5, the conferees met September 12 and was it not for the controversial Istook-McIntosh-Erlach provision, this bill could have been sent to the President and I believe signed prior to the close of the fiscal year.

Unfortunately, we are now past that date, our agencies have been operating at reduced funding levels through two continuing resolutions, and now most of the agencies funded in this bill are in the shutdown phase. I believe we have an opportunity here to get this bill to the President without further delay. We have an obligation to the American public to get the job done and ensure that important tax, financial management, law enforcement, and Federal building programs move forward.

So, I would urge my colleagues to support this conference report and put an end to the gridlock. I urge the adoption of the conference report.

Let me comment on a couple of things. I suppose I am not unique. I imagine all of us are getting questions from home as to why we were unable to pass appropriations bills, why do we have the furloughing of Federal employees, and why have we essentially shut down parts of the Government. There are 200,000 Federal employees who have been furloughed for 2 days as a consequence of this particular appropriations bill.

The Senator from Alabama referenced it. There were 141 amendments on this legislation that were subject to

the conference of this subcommittee—141.

The chairman called a conference, he and Chairman LIGHTFOOT. We met on the 12th and 13th of September, a full 2 weeks before we were supposed to finish our work. According to the Budget Impoundment Act, we had to have that work done by the 30th of September.

On the 12th and 13th, the chairman was successful in disposing of 140 of 141 amendments. As he indicated, the only one that remained was the so-called Istook amendment, which appeared in neither version of the bill and which, regardless of your position on the issue, had no relevance to this appropriation bill, and which had a little or no support in the Senate, and delayed the final House and Senate action on this conference report.

I mention it because there is a kind of a common perception—I think it is common—that there are significant differences between Republicans and Democrats on all these appropriations items, and that is why the Government was shut down.

I agree with Senator SHELBY on this piece of legislation. I am prepared to vote for it. Both of us wanted to move this thing out before the 30th of September, and it could have been not nearly as difficult as it might appear to the average citizen out there that is wondering what has gone on in the past couple of days—200,000 Federal employees being furloughed in the last 2 days. Again, not because of great ideological differences on spending, not because Democrats and Republicans disagreed that we need to get rid of the deficit that has been, I think, tormenting the Nation for many, many years, but because of a single amendment having to do with the regulation of 501(c)(3)'s and 501(c)(4)'s.

Mr. President, I, too, appreciate the willingness of the Senator from Wyoming to allow us to recede to the House. I supported the original Simpson proposal, and appreciate very much his willingness to recede to the House in this particular case so we can move this to the President for his signature and end the furloughing of 200,000 Federal employees who are covered by this legislation.

Let me also comment. The distinguished chairman mentioned his concern about the drug czar. I share that concern. I have a great deal of respect for Dr. Brown. It is not as if I am critical of him as an individual but the number one problem that we face with drugs today is the illegal consumption of drugs by young people 12, 13, and 14 years of age. Those who have made it either their living or their avocation trying to help us reduce drug consumption in America will say to us that the most important thing is to reduce the size of the funnel of people that are coming on line using illegal drugs. That means we have to get to young

people and say to them that you should not use these illegal and dangerous drugs.

I remember when former First Lady Nancy Reagan started the Just Say No Program. And I thought, well, this is a silly program. It cannot possibly work. The fact is it did work. The fact is that young people see the consumption and the use of illegal drugs in black or white materials. It is either yes or no. If we as adults do not say no to them, they are likely to say, "Well, maybe it is OK."

Over the past 4 or 5 years, according to those like Jim Burke who have been involved in this effort in the private sector, there has been an increase of exposure to the youth of illegal drugs, either on television shows or in movies. This has been creeping in again to our culture—sort of an acceptance that perhaps marijuana use is OK, or that perhaps cocaine use is OK.

So this idea that our leaders say to our youth do not do drugs, say no to drugs, this idea that can have a very powerful impact on our youth, to me, has sunken in rather impressively after listening to people out there in the private sector. I have been quite discouraged in looking at the drug czar who has legal authority to take action and has failed to either use that legal authority or to make much progress in the war on drugs.

So I join with the Senator from Alabama. We initially were going to zero out the drug czar. We entered into a negotiation here on the floor, and when the bill was first being considered by the Senate and talked to the distinguished chairman of the Judiciary Committee and the ranking member of the Judiciary Committee, and they convinced us to accept some language that would urge the President to take stronger leadership. I personally am pleased to see that the President has announced that in January he is going to begin communicating. He is organizing a conference of youth.

I think it is terribly important that our political leaders put that message out there, and that we start doing it repeatedly in order to reduce the size of the funnel of the number of people that are coming in and beginning to use illegal drugs.

To say for emphasis, I am also with the chairman. The verdict is still out as far as I am concerned. I was willing to yield on this point, willing to give him a little bit more rope to try to see if they could be effective. But the bottom line for me is, if it is not effective, I will be back here next year suggesting that this Senate vote to zero out the drug czar. Get the job done or let us find some other organization or somebody else that can do it. Let us not pretend that we are solving the problem if the problem in fact is getting worse.

Again, I say in closing that I appreciate very much the fine work Senator

SHELBY has done on this bill. I hope that in an expeditious fashion we can get this down to the President for his signature.

PROPOSED PRIVATIZATION OF INVESTIGATIVE SERVICES BY THE OFFICE OF PERSONNEL MANAGEMENT

Mr. SPECTER. Mr. President, I would like to enter into a brief discussion with the distinguished chairman of the subcommittee to clarify a matter regarding the proposed privatization of Investigative Services by the Office of Personnel Management.

It is my understanding that the House and Senate have directed the General Accounting Office to perform a detailed, long-term, cost-benefit and feasibility analysis on the OPM submissions for an Employee Stock Ownership Plan [ESOP] for the Investigative Services under OPM's jurisdiction.

Is it the intent of the conferees that OPM must retain full staffing at the Federal Investigative Processing Center [FIPC] in Boyers, PA, and that OPM may not proceed with the privatization of Investigative Services before receipt of the GAO report and in no event before March 30, 1996?

Mr. SHELBY. The Senator is correct. The committee has received the assurance of OPM that full staffing will be retained at the FIPC in Boyers with the recognition that many of the employees will be converted from the Federal payroll to the employee stock ownership plan.

Mr. SPECTER. I thank the Senator for clarifying the intent of the conferees. This is an issue of great importance to several hundred Pennsylvania OPM employees and I appreciate the assistance of the distinguished chairman and his commitment to ensure that their interests and those of every taxpayer are best served. I thank the Chair and yield the floor.

FRESNO COURTHOUSE

Mrs. FEINSTEIN. Mr. President, I would like to ask the distinguished chairman of the subcommittee on Treasury, Postal Service and General Government Appropriations, Senator SHELBY, and the ranking minority member, Senator KERREY, if they would engage in a brief colloquy with myself and my colleague from California, Senator BOXER.

Mr. SHELBY. We would be happy to do so.

Mrs. FEINSTEIN. We want to bring to the attention of the managers the need for a new courthouse in Fresno. The current U.S. courthouse in Fresno is at its full capacity and would require extensive modifications to meet seismic, fire, and security standards.

The current courthouse, the B.F. Sisk Building, opened in 1968 as an office building with only two courtrooms and a small amount of support space designated for the courts. Now, the court and related support agencies occupy 92 percent of the building with ad-

ditional space being leased on the outside. There are currently four district, two magistrate, and two bankruptcy courtrooms in the building, which is used by two district judges, two senior district judges, one visiting judge from Sacramento, two bankruptcy judges, two magistrate judges and visiting magistrate judge. Within the next year, there will be an additional senior judge. Five of the current courtrooms have been built out in previous office space. There is no room for future expansion.

A recent seismic evaluation on the current building found that the cost of seismic retrofitting would be more than the cost of the building. Also, serious concerns have been raised about the safety and security standards in the building relating to its use as a court facility.

Given the current situation and projected future growth, the city has been working with the courts, the General Services Administration [GSA], and the subcommittee to obtain funding for a new structure for the past few years. However, I understand that due to budget constraints, there is no funding provided for new start courthouse projects, including the Fresno project, in the conference report for the Treasury-Postal appropriations bill for fiscal year 1996.

Mrs. BOXER. Mr. President, I share my colleague's concern over the safety and lack of security of this facility. The chief judge for the Eastern District of California, the Honorable Robert E. Coyle, has informed me that "the efficient, uninterrupted, safe, and secure operation of the present courthouse cannot be carried out" in the current building.

I also want to make my colleagues aware of actions taken in Fresno pursuant to direction from this subcommittee last year. Senator FEINSTEIN and I commend the city and GSA's work to develop a site for the proposed courthouse in downtown Fresno. As the Senator may know, the fiscal year 1995 Treasury-Postal appropriations conference report acknowledged the beginning of the site selection process for a Federal courthouse in Fresno and directed GSA to locate a site in downtown Fresno for the project. To this end, the city has donated a site in downtown Fresno and is presently purchasing parcels to add to the city-owned property for that purpose. Also, the city has agreed to complete all site and utility preparation work prior to construction and, will build parking for the courthouse to accommodate nearly 400 spaces.

This agreement will save \$5 million off the estimated Federal cost for site acquisition.

It is important to recognize the importance of this project to the city of Fresno. GSA and the courts have worked closely with the city for the

purpose of redeveloping a truly troubled downtown area. It would also appear from recent experience that the competitive bidding process in California is ripe for construction. In both Santa Ana and Sacramento, the bids came in considerable lower than the anticipated budget. However, one can only assume that delay in this project will only cause the cost to escalate.

We would like to urge the chairman and ranking member, in light of the partnership between the city of Fresno and the judicial administration in complying with the committee's directive to reduce Federal spending, to make this project a high priority next year. We ask whether you will give the project your highest consideration.

Mr. SHELBY. Yes. The subcommittee will carefully review this project in our deliberations next year for court construction for fiscal year 1997.

Mr. KERREY. I appreciate the words from my colleagues from California and I also want to express my congratulations for the agreement the court and GSA was able to work out with the city of Fresno. The Senator can be assured that I will do my part to see that this project receives serious consideration in subcommittee deliberations next year.

Mrs. FEINSTEIN. We thank the chairman and ranking member for their understanding and thoughtful responses.

Mr. DOMENICI. Mr. President, I rise in strong support of the conference agreement on H.R. 2020, the Treasury Postal Service, and general Government appropriations bill for 1996.

This bill provides new budget authority of \$23 billion and new outlays of \$20 billion to finance operations of the Department of the Treasury, including the Internal Revenue Service, U.S. Customs Service, Bureau of Alcohol, Tobacco and Firearms, and the Financial Management Service; as well as the Executive Office of the President, the Office of Personnel Management, and other agencies that perform central government functions.

I congratulate the chairman and ranking member for producing a bill that is within the subcommittee's 602(b) allocation. When outlays from prior-year budget authority and other adjustments are taken into account, the bill totals \$22.8 billion in budget authority and \$23.1 billion in outlays. The total bill is at the Senate subcommittee's 602(b) nondefense allocation for budget authority and under its allocation for outlays by \$67 million. The subcommittee is also under its Violent Crime Reduction Trust Fund allocation by \$1 million in budget authority and less than \$500,000 in outlays.

Mr. President, I ask unanimous to have printed in the RECORD a table displaying the Budget Committee scoring of the conference agreement on H.R. 2020.



There being no objection, the table was ordered to be printed in the RECORD, as follows:

**TREASURY-POSTAL SUBCOMMITTEE SPENDING TOTALS—  
CONFERENCE REPORT**

(For fiscal year 1996, in millions of dollars)

	Budget authority	Outlays
<b>Nondefense discretionary:</b>		
Outlays from prior-year BA and other actions completed		2,778
H.R. 2020, conference report	11,187	8,712
Scorekeeping adjustment		
Subtotal nondefense discretionary	11,187	11,490
<b>Violent crime reduction trust fund:</b>		
Outlays from prior-year BA and other actions completed		8
H.R. 2020, conference report	77	62
Scorekeeping adjustment		
Subtotal violent crime reduction trust fund	77	70
<b>Mandatory:</b>		
Outlays from prior-year BA and other actions completed	127	130
H.R. 2020, conference report	11,763	11,756
Adjustment to conform mandatory programs with Budget Resolution assumptions	-334	-333
Subtotal mandatory	11,555	11,553
Adjusted bill total	22,819	23,113
<b>Senate Subcommittee 602(b) allocation:</b>		
Defense discretionary		
Nondefense discretionary	11,187	11,557
Violent crime reduction trust fund	78	70
Mandatory	11,555	11,553
Total allocation	22,820	23,180
<b>Adjusted bill total compared to Senate Subcommittee 602(b) allocation:</b>		
Defense discretionary		-67
Nondefense discretionary		-67
Violent crime reduction trust fund	-1	-0
Mandatory		
Total allocation	-1	-67

Note.—Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions.

Mr. BAUCUS. Mr. President, I was an early supporter of the taxpayer bill of rights which was enacted in 1988. That legislation protected the American taxpayer from overreaching actions by the IRS. This year, the Finance Committee included a number of additional provisions in the tax bill to protect the taxpayer.

Unfortunately, the conference report for Treasury and Postal appropriations upon which we will vote today contains language taking us in the opposite direction. The report provides for an appropriation of \$13 million to the IRS to "initiate a program to utilize private counsel law firms and debt collection agencies in the collection activities of the IRS."

Mr. President, most bill collectors are paid on a contingency basis. We are in danger of creating a system that will encourage bounty hunters to collect taxes from U.S. citizens.

Margaret Milner Richardson, the Commissioner of the Internal Revenue Service, in a letter dated August 4, 1995, expressed "grave reservations" with respect to privatizing the tax collection services of the IRS. To quote Ms. Richardson:

What impact would private debt collection have on the public's perception of the fairness of tax administration and of the security of the financial information provided to the IRS? A recent study conducted by Anderson Consulting revealed that 59 percent of

Americans oppose State tax agencies contracting with private companies to administer and collect taxes.

Frankly, Mr. President, I believe that the 59 percent number would have increased dramatically had the survey inquired as to whether the IRS should contract with debt collection agencies to collect Federal income taxes.

We are told by supporters of the proposal that we should not worry because the debt collectors will be under the direct supervision of IRS employees. I do worry Mr. President, because we have too many instances in which IRS employees themselves have abused their powers. This is why we enacted the 1988 taxpayer bill of rights and why this year's reconciliation bill contains additional taxpayer rights. I am not comfortable that debt collectors working on a contingency basis will respect taxpayer rights—even if they are under the direct supervision of IRS employees.

For this reason, Mr. President, I plan to vote against the conference report.

Mr. SHELBY. Mr. President, I now ask unanimous consent that the vote occur on adoption of the conference report to accompany H.R. 2020, the Treasury-Postal Service appropriations bill, at 4:45 p.m. this evening, and that the Senate recede from the Senate amendment in disagreement at that time.

Mr. PRYOR. Reserving the right to object, Mr. President, I do not want to object, and I usually am not an obstructionist around this Chamber. But I want to be guaranteed some time, and enough time to explain a position that I have relative to the farming out of private tax collection.

Mr. SHELBY. How much time does the Senator want?

Mr. PRYOR. Let me say to my friend from Alabama that I do not think that I would use over 30 minutes. If I could have 30 to 35 minutes, I think I could cover the areas that I need to be covering. I would like the opportunity to ask some questions of my friend from Alabama as to how this very onerous provision crept back into this conference report.

Mr. SHELBY. The Senator may ask questions of the Senator from Nebraska, too.

Mr. PRYOR. I would be glad to ask either.

Mr. SHELBY. Both of us. Sure.

Mr. PRYOR. I wonder if I could be allocated a minimum of 35 minutes.

Mr. SHELBY. What about 40 minutes? Is that OK?

Mr. PRYOR. I will take 40 minutes. I do not think I will use all of that time. I thank the Senator very much.

Mr. SHELBY. At 4:45. Would that be OK?

Mr. PRYOR. If it is all right with the Senator from Alabama, could we say no later than 5 o'clock?

Mr. KERREY. We have to vote at 4:45.

Mr. SHELBY. An hour from now is 4:45.

Mr. PRYOR. Could not we vote no later than 5 o'clock?

Mr. SHELBY. We have a lot of Members. We will give you all the time and try to respond to whatever you want.

Mr. PRYOR. I guess I will take at least 40 minutes. I hope I do not use it. I know my friend from Iowa wants to speak for 3 minutes on the issue. He can speak before I do, if that is all right with the distinguished managers.

Mr. SHELBY. Sure.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Who seeks recognition?

The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I rise in strong support of the action of the conferees decision not to fund President Clinton's initiative last year which spent \$405 million to hire over 6,000 more IRS agents. This is an issue that Senator LOTT and I have worked on very closely for over a year and I am pleased to see that our efforts have achieved a success for the taxpayers.

In particular, I want to commend Senator SHELBY for his work. This would not have happened were it not for Senator SHELBY's efforts and his decision to put the interest of the American taxpayer first and not listen to the voices of empire-building bureaucrats at the IRS.

I find it particularly galling that when the President is thumping his chest about vetoing bills, he forgets to tell the American people that one of his top priorities is to get \$405 million to retain the 6,000 plus additional IRS agents—that is right 6,000 more IRS agents that he hired last year.

And remember, the IRS has already seen a massive increase in staff, from 82,000 in 1982 to over 110,000 in the early 1990's. Yet, that was not enough for President Clinton.

President Clinton wanted to have 6,000 more IRS agents knocking on taxpayers doors. And last year, the big-spending Democrats in Congress were happy to oblige.

But last fall, the voters spoke strongly for a smaller Government. And today we see a significant response to those voters. This bill will ensure that the IRS will not have 114,000 IRS agents looking through your files but instead 106,000—a reduction of 8,000 agents.

We have asked the American taxpayers to tighten their belts enough times, now we are finally asking the IRS to do the same. And let me say, you do not hear about it in press releases from the White House, but in closed doors they have been fighting tooth and nail for more money to keep these additional IRS agents and incredibly, to hire even more.

We have heard on this floor the question asked many times, "Whose side

are you on?" It is clear that the White House is on the side of bigger bureaucracy and more agents at the IRS, and this Congress is on the side of the taxpayer and small businessmen and women struggling to pay the bills and who just want big Government off their backs.

Once again I want to commend Senator SHELBY and Congressman LIGHTFOOT, chairman in the House and the conferees for their work on this issue. This is clearly a red letter day for taxpayers who have finally won one over the IRS.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. With no one else seeking recognition at this point, if I might, Mr. President, I would like to make a few points relative to this legislation and to one specific provision which bothers me to such a great extent that I will not only speak against this bill being passed, I will vote against this bill being passed, and I may be in a minority of one, but if that is the case I will be in that minority and be very proud of it.

Historically, the Finance Committee, which is one of the oldest committees of this great institution, as is the Appropriations Committee, has not only been charged with tax collection but also charged with a very unique function in addition to that, and that function is the protection of the individual taxpayer. The protection of the individual taxpayer's rights has always, historically been a function not of the Appropriations Committee but of the Finance Committee of the Senate.

On page 33 of the conference report that we are considering at this point—and that is the issue before the Senate—we find amendment No. 22. This is the same language that was stricken by the Senate on August 4, 1995, when the Senator from Alabama acquiesced in a unanimous-consent request for an amendment by myself, and the Senate knocked out the House language which stated this—I am going to read amendment No. 22, Mr. President.

Restores and modifies House language authorizing \$13 million for a private debt collection initiative.

This is truly the tip of the iceberg. When my friend, Senator GRASSLEY, of Iowa, a few moments ago was speaking about taxpayers' rights and the number of IRS agents that we are not going to employ, thus protecting the taxpayer, I went back many years ago remembering the work that Senator GRASSLEY and myself and Senator SHELBY, even in his days in the House of Representatives, were involved in by trying to get passed in the Congress the first-ever Taxpayer Bill of Rights, the first time that this country ever

stated in statute rights specifically to protect the taxpayer.

It was 1988 when this legislation was passed. And we are seeing today what I consider to be a great challenge to and a great erosion of the spirit of the Taxpayer Bill of Rights. Why is that? First, the Taxpayer Bill of Rights had a very key provision. I am sure my friend from Alabama remembers—I wish my friend from Iowa were here because he helped to draft that particular section—we stated in 1988 that there could be no bounty system, there could be no quota system with regard to tax collections from the taxpayers of America. We found egregious example after example throughout the 50 States where tax collectors were abusing the rights of taxpayers, where they were abusing these rights to the extent that the tax collectors before 1988 operated under a bounty system and under a quota system whereby their raises and the structure of their civil service retirement, their opportunity in the work force was based upon, "How much did you collect?"

Here is what we are doing now. For the first time in 200 years we are about to put our stamp of approval officially upon a bounty system. That is what this is. This is a bounty system where we cannot pay those lawyers to collect debts, where we cannot pay ABC Collection Service to collect debts of the IRS. There is no way we can put them temporarily on the Federal payroll. So we are going to pay them the only way there is to pay them: We are going to give them a percentage of what they collect.

What sort of environment does that bring about? It does not take a rocket scientist to figure that one out. They are going to be out there using methods that are unprotected by statute, using a system of bounty hunter mentality that was in place before 1988, that is going to become the law of the land with the sanction of the U.S. Government. I think it is horrible that we would consider taking this very backward step and going back into the dark ages in the collection of our taxes.

I received this letter August 4, and usually I am not on the side of the Internal Revenue Service. I chaired the Senate Finance Committee's subcommittee on oversight of the IRS for a good number of years. I worked closely with many of my colleagues on that committee and Members of this body. But on August 4, I received a letter from Margaret Milner Richardson, who is the Commissioner of the Internal Revenue Service at the Department of the Treasury, and I agree 100 percent.

By the way, I ask unanimous consent to place this letter in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE TREASURY,  
INTERNAL REVENUE SERVICE,  
Washington, DC, August 4, 1995.

Hon. DAVID PRYOR,  
U.S. Senate,  
Washington, DC.

DEAR SENATOR PRYOR: I am writing to express my concern regarding statutory language in the FY 1996 Appropriations Committee Bill (H.R. 2020) for Treasury, Postal Service and General Government that would mandate the Internal Revenue Service (IRS) spend \$13 million "to initiate a program to utilize private counsel law firms and debt collection activities. . . ." I have grave reservations about starting down the path of using private contractors to contact taxpayers regarding their delinquent tax debts without Congress having a thorough understanding of the costs, benefits and risks of embarking on such a course.

There are some administrative and support functions in the collection activity that do lend themselves to performance by private sector enterprises under contract to the IRS. For example in FY 1994, the IRS spent nearly \$5 million for contracts to acquire addresses and telephone numbers for taxpayers with delinquent accounts. In addition, we are taking many steps to emulate the best collection practices of the private sector to the extent they are compatible with safeguarding taxpayer rights. However, to this point, the IRS has not engaged contractors to make direct contact with taxpayers regarding delinquent taxes as is envisioned in H.R. 2020. Before taking this step, I strongly recommend that all parties with an interest obtain solid information on the following key issues:

(1) What impact would private debt collectors have on the public's perception of the fairness of tax administration and of the security of the financial information provided to the IRS? A recent survey conducted by Anderson Consulting revealed that 59% of Americans oppose state tax agencies contracting with private companies to administer and collect taxes while only 35% favor such a proposal. In all likelihood, the proportion of those opposed would be even higher for Federal taxes. Addressing potential public misgivings should be a priority concern.

(2) How would taxpayers rights be protected and privacy be guaranteed once tax information was released to private debt collectors? Would the financial incentives common to private debt collection (keeping a percentage of the amount collected) result in reduced rights for certain taxpayers whose accounts had been privatized? Using private collectors to contact taxpayers on collection matters would pose unique oversight problems for the IRS to assure that Taxpayers Bill of Rights and privacy rights are protected for all taxpayers. Commingling of tax and non-tax data by contractors is a risk as is the use of tax information for purposes other than intended.

(3) Is privatizing collection of tax debt a good business decision for the Federal Government? Private contractors have none of the collection powers the Congress has given to the IRS. Therefore, their success in collection may not yield the same return as a similar amount invested in IRS telephone or field collection activities where the capability to contact taxpayers is linked with the ability to institute liens and levy on property if need be. Currently, the IRS telephone collection efforts yield about \$26 collected for every dollar expended. More complex and difficult cases dealt with in the field yield about \$10 for every dollar spent.



I strongly believe a more extensive dialogue is needed on the matter of contracting out collection activity before the IRS proceeds to implement such a provision. Please let me know if I can provide any additional information that would be of value to you as Congress considers this matter.

Sincerely,

MARGARET MILNER RICHARDSON.

Mr. PRYOR. I thank the Chair.

Mrs. Richardson wrote me this letter August 4, and I quote:

I have grave reservations about starting down the path of using private contractors to contact taxpayers regarding their delinquent tax debts without Congress having a thorough understanding of the costs, the benefits and risks of embarking on such a course.

Another quote from paragraph 2, and she is asking questions at this time.

How would taxpayers rights be protected and privacy be guaranteed once tax information was released to private debt collectors?

And that is a good question.

Would the financial incentives common to private debt collection (keeping a percentage of the amount collected) result in reduced rights for certain taxpayers whose accounts had been privatized? Using private collectors to contact taxpayers on collection matters would cause unique oversight problems for the Internal Revenue Service to assure that Taxpayers Bill of Rights and privacy rights are protected for all taxpayers. Commingling of tax and nontax data by contractors is a risk as is the use of tax information for purposes other than intended.

This is the end of that quote from the Commissioner of the Internal Revenue Service embodied in a letter to me dated August 4.

How far will this go? Well, we might say it is only \$13 million. They are going to go out there and experiment. We are going to hire a few collectors now, and maybe a few lawyers would be interested. They are going to go out there and try to collect some of the debts that are owed to the Internal Revenue Service.

How far does it go? No one knows how far it goes because, Mr. President, there was not one day of hearings. There was not a hearing. There was not a discussion. There was not a debate. There was nothing. All we knew was that the House of Representatives inserted this language here. We struck it out in the Senate on August 4. I am hoping that we can defeat this bill so we can send a message back to the House that we are not going to tolerate this potential invasion of privacy, this potential invasion of confidentiality of private taxpayers' records and give those out to private debt collection companies and lawyers throughout the land. It is a terrible situation.

The second question is, who are these people going to be? Are they just going to be lawyers? We just had the first version where we saw they were debt collection companies. Then it was expanded to lawyers. I do not know what it will be expanded to the next go-round. But now we have already ex-

panded it once from debt collection companies to lawyers. I do not know how that happened.

Who is going to be hired? Who makes that determination? Do they go up into the IRS office in Washington and say, "We want to go back in our hometowns, and we know that that Ford dealer down there or that old farmer out there on route 4—I have a feeling that he probably owes the IRS something. We would like to see his records. And if you would show us those records of that Ford dealer or that farmer or that housewife or that small businessperson or that individual whom they may not like, "for 50 percent we'll go out there and collect that money for you." Then is the IRS going to say, "OK. You're hired?" Someone else may come up and say, "OK. You are not hired." Maybe they want too much money. Maybe they do not want enough. Who is going to train those people, Mr. President?

My friend from Iowa, Senator GRASSLEY, was talking about this massive bureaucracy of the IRS. I, too, have been critical of that bureaucracy. I think for too long it has been too insensitive. But who is going to train these people to go out and protect taxpayers' rights? That is what this argument is about. I do not know anything in the legislation that says that those rights are going to be protected.

I know nothing in this amendment that says anything about the particular training program that these individuals are going to go through. All it says is, here is \$13 million to go out and hire private collection agencies in the private sector. Who is going to train them? We do not know. Who is going to oversee them, Mr. President? Who is going to go down to Camden, AR, and oversee the Jones collection agency and see if they are properly giving the proper treatment and protection to the individual taxpayers that they are collecting money from? Who is going to oversee them? I do not know. New bureaucracy? Yes. Fewer taxpayers' rights? Yes.

And now—this is a key and critical question, Mr. President—which taxpayers' cases are these individuals, once they are hired, once they are given their contract, which taxpayers' cases, when you file through all the records of the Internal Revenue Service, which ones are they going to be given to work on? Will it be at random? Will it be rural letter carriers as it was a few years ago? Will it be Methodist ministers? Will it be small businesspeople? Who is it going to be that they are going to zero in on? And this confidential information, confidential tax records, dating perhaps 10 years back, is it going to be given to the local collection agency so they can carry them around in the coffee shops, carry them around to the shopping centers and hold them up and say, "Hey, look at

our neighbors' tax collections for the last 10 years." Are we going to go out and get that system? As a result, we might collect 50 percent and make a nice profit on it.

Mr. President, what type of taxpayer information will be made available? And how will this information be made available? And how will these tax collectors, these bill collectors, I should say, be paid? That has never been mentioned in this debate.

Once again, Mr. President, this is an appropriations bill. It is not a bill that came from the Finance Committee. The Finance Committee is that committee historically that has been charged with regulating the protections of the taxpayer. And here we are making a very, very backward step, in fact a step back into the Dark Ages, in my opinion, when we are creating a new bounty-hunter mentality in the Internal Revenue Service. And it is an issue—I should say it is an authority, a new authority, that the Internal Revenue Service does not want. They do not think it will work. They are posing these many questions today as we consider this particular appropriations bill.

Mr. President, I would like at this point to yield the floor. I would like the opportunity to ask some questions of my friend from Alabama. Perhaps he would like to respond. He may desire to do so at this time. I will yield the floor and retain the remainder of my time.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER (Mr. THOMPSON). The Senator from Alabama is recognized.

Mr. SHELBY. Mr. President, I appreciate the remarks of my good friend from Arkansas. He is to be commended over the years for being very involved in pushing legislation for years and years and articulating the position of the taxpayer as far as the IRS is concerned. We all know that that is known as the Taxpayers' Bill of Rights. That was long in coming, and the Senator from Arkansas should get most of the credit for it. A lot of us worked with him, but he was the leader in this, and I commend him so.

On this bill here, let me share some of it. In December 1991, the IRS completed an internal study that addressed, among other things, legal, financial, policy, and design considerations involved in contracting out collections. The study concluded that the IRS should test the use of private collection companies, provided that legal issues regarding activities that the IRS could contract out and funding sources were resolved. This proposal before us encourages that. In September 1992, the OMB issued a policy letter indicating that private companies can do collection-related functions such as locating taxpayers, making telephone calls to remind taxpayers of tax delinquencies, mailing tax notices, and providing

lockboxes for receipt of payments. This proposal encourages that.

In December 1992, the IRS chief counsel's office issued guidance for IRS' use of contracting with private collection companies. It concurs with the OMB letter. In discussing the disclosure issue, the guidance said that the IRS has the authority to contract out certain collection-related activities and that the appropriate safeguards would be in place. This proposal would allow the IRS to ensure the appropriate safeguards are in place.

As the Senator from Arkansas brings up—and he is absolutely right—the appropriate safeguards must be in place. The IRS must, Mr. President, oversee this. The IRS will oversee this. This is a pilot program. The 1993 GAO report indicated, Mr. President, that the IRS was moving forward with the plans for a pilot test which would start as early as October 1993—we are behind on that—and that the IRS' long-range plans included expansion if the test worked.

The Vice President's reinvention proposal indicates that a pilot test should be developed. And considering the fact that taxes remain uncollected in the United States and that the number of IRS personnel continues to grow, and the only apparent way the IRS is able to increase revenues is to spend more money and hire more people, should we not try something new? I say yes.

This proposal allows the IRS to create the plan. They can address all of the concerns that have been raised, not only by the Senator from Arkansas, but by others, including this Senator. I firmly believe, Mr. President, that we should use all of the resources available to ensure that tax scofflaws are tracked down and those of us who pay our taxes are given more for our money.

Let me continue. The conferees have included, Mr. President, a provision which will create the pilot program allowing private law and collection activities to pursue delinquent tax bills under the direction of the IRS, Mr. President; no one else.

This proposal is intended to be innovative. It gives the authority to the IRS to make the decisions. The IRS will be able to use all of the safeguards available to ensure taxpayers and disclosure problems.

Many businesses and States already use private collection sources in an attempt to manage and to supplement their basic resources.

The GAO reported in 1993 that 28 States with individual income tax problems used private collection companies in collecting taxes. Only 6 of the 28 States felt they were ineffective.

Several questions have been raised by the Senator from Arkansas, and they should be, about the private collection initiative. Some of those questions are basically these:

Is privatizing certain collection activities on delinquent tax debt a good idea? The answer, I believe, is yes. Currently, approximately \$70 billion, Mr. President—\$70 billion—is owed to the IRS in delinquent tax debt upon which the IRS has ceased active collection efforts, and this amount is growing by roughly \$10 billion a year.

This proposal before us would allow private firms to provide limited collection services on that debt at no cost to the taxpayers, unless the debt is collected, because these accounts are currently lying dormant at the IRS and will remain so.

What prevents private collectors from engaging in abusive collection practices or disclosure of confidential information? The Fair Debt Collection Practices Act and the Privacy Act of 1974 prohibit harassment of debtors and other unfair collection practices, as well as the unauthorized disclosure of debtor information to third parties. Violations of these provisions can subject collectors to millions of dollars in actual and punitive damages.

Let me go into this a minute. What type of taxpayer records will they have access to? This was raised by the Senator from Arkansas. The only information that contractors would receive would be the debtor's name, the address, the phone number, the Social Security number, employer, and amount owed, just as they would with any nontax debt in America.

Mr. President, the debtor's tax return would not—and I repeat, would not—be disclosed to the contractor.

Who will these contractors be? Private collection companies that specialize in collecting overdue debts. An example of the best pool of candidates from which to choose would be those collectors currently working under the Department of Education's private sector collection activities for student-related debt contracts.

Who will train them? According to GAO, one of the reasons for using private collection companies is for the IRS to learn from the techniques that are being used in the private sector to collect overdue taxes. Consequently, the training of employees who will be performing this function should be, I believe, done by private collection companies that will be contracting with the Internal Revenue Service, under the supervision and guidelines of the Internal Revenue Service.

With respect to special expertise that is needed for collecting tax debts, the IRS should and would provide the speciality training. No one else.

On which cases will the collector's work? Currently not collectible accounts, that is what they are called, Mr. President, as classified by the IRS since these accounts are now lying dormant at the IRS, \$70 billion of them.

One approach would be to send cases to private contractors that are other-

wise noncollectible, primarily where there is an inability to locate the taxpayer and, in such cases, a contractor should be able to invest more resources to locate them than the IRS can spend.

Another approach would be to take cases that are deferred, meaning that there is a small enough balance due that the moneys are left uncollected until some other credit shows up in the system, such as a refund, that is then offset against the deferred amount, and replace these with private collectors.

What type of collection services will they provide? The contractors will be responsible for generating letters to be mailed in most cases by the IRS and making phone calls to debtors. The letters and calls would be designed to remind debtors of their outstanding tax debt and to seek assurances from the debtor that the debt will be repaid. The contractors would not, Mr. President, be authorized to receive funds, compromise debts, sue debtors, seize property, or levy against assets.

At this time, it would seem to make sense to me to test a program where private contractors locate and call taxpayers by telephone and inform them of how much they owe, how high interest and/or penalties are accumulating, their options, and the actions the IRS can take if they do not pay.

However, the contractor would not make the final decision and should not make the final decision whether or not to enter into an installment agreement or to take any other collection action.

The bottom line is that this is a pilot program. IRS has full control. They should have full control. The points I have tried to respond to are examples. IRS will be making the decisions. I believe that any ideas should be considered. I believe this is a good proposal that we have come forth with.

The PRESIDING OFFICER. The Senator from Arkansas has 25 minutes.

Mr. PRYOR. I thank the Chair for advising me on the time remaining. I am going to speak only a few moments, Mr. President. I want to give adequate time for our friend and colleague, the distinguished Senator from West Virginia, to speak. I would like to hit two or three more points.

I listened very intently to my friend from Alabama go down through the concerns as expressed by the Department of the Treasury, more specifically the Commissioner of the IRS, Margaret Milner Richardson, who wrote me on August 4—I placed that letter in the RECORD—expressing grave concerns about going down this particular trail with debt collection.

The Senator from Alabama has just mentioned that the IRS would still retain control throughout this whole process. I maintain that the IRS has control now. What we are about to do is to add a new dimension whereby confidential tax information of individual taxpayers, of small businesses and



large, perhaps, are going to be taken from the confidentiality of the Internal Revenue Service and given, basically, to debt collection services, to lawyers and to law firms, and they are going to go out and collect these debts with a bounty hunter's mentality.

It did not work centuries ago in Greece. It did not work in Rome. And, Mr. President, it is not going to work now, especially with the opposition of the agency, the IRS, that is going to be policing this situation, training these collectors and lawyers and, basically, having oversight of this whole new venture, in this leap that I think we are about to make into darkness.

We are about to privatize the collection of debts by the Internal Revenue Service. There is some form of privatizing that may be all right. Yesterday, for example, when everything was closed down, I went down to the dining room. I walked down to the dining room, I knocked on the door, and the dining room was closed. So I decided, well, I have to eat somewhere, I had not had anything to eat. Somebody said, "You can go over to the House of Representatives and eat; they have a cafeteria over there that is open." So I walked over, and I had two or three people with me. We walked through the tunnel and walked to the House of Representatives, and we ate. We ate because it was privatized. It was not run by the Government. Therefore, the Government did not have a lot to say about whether or not employees came in.

But, Mr. President, privatizing a cafeteria and privatizing the confidential information to be dispensed to the general public and to lawyers and debt collectors are two different things. This is one area of privatizing that—even though many of our colleagues on the other side of the aisle might think it is appropriate—I beg them to reconsider, to look at the potential for conflict, for harassment, for bounty hunters, and for undue influence being used against unsuspecting and unprotected taxpayers.

In 1988, in the taxpayers' bill of rights, we protected those taxpayers, I say to my friend from Alabama, and now we are about to walk away from them. We are about to say, well, we wanted to give you a little respite, but now we are ready to go after you again. We are ready to harness bounty hunters, who are going after you, who are going to have knowledge of your confidential tax information, where there are no ethics laws applying, and no regulations, where the IRS Commissioner says even the IRS cannot police this program.

Mr. President, I ask, what are we doing? I hope we will reconsider this. I, for one, will vote against this conference report, even though I will probably be in the minority of one, and I hope that at the appropriate time, I am

going to give this opportunity of the Senate itself to vote up or down on whether or not we should start privatizing the collections of our debts owed to the Internal Revenue Service.

Mr. President, I yield the floor.

Mr. SHELBY. Mr. President, I believe some good is going to come out of this debate here on the floor of the Senate because I agree with the Senator from Arkansas that the IRS should and must protect the privacy of all taxpayers not to hand over their tax returns to anyone else, and we are not going to do that in this.

Let me go back to something. The IRS, Internal Revenue Service, actually requested this proposal 2 years ago. The approved budget for the Internal Revenue Service in fiscal year 1994 included funding, at the request of the IRS, totaling \$5.790 million in startup funds and 41 full-time equivalent employees. I will quote the IRS document:

This will enable the Internal Revenue Service collection to contract for a test to determine the effectiveness and cost-benefit of having private sector collection agencies work a portion of the delinquent taxes inventory not being worked due to resource constraints, and so forth. The funds, unfortunately, were reprogrammed to cover costs of locality pay. Let me repeat, Mr. President, there are \$70 billion in America in these closed accounts or dormant accounts, uncollectible, growing at the rate of \$10 billion a year. I do not know how much of these dormant accounts—\$70 billion now, and next year it will be \$80 billion, getting on up toward \$100 billion. That is a lot of money in America. If these taxes are owed—and most of them are not even disputed, it is my understanding—we should collect them. These are owed taxes. If we can collect them, it helps us in our expenditures here in the Congress. It means people are not going to be deadbeats in this country, and that we will have to levy fewer taxes elsewhere. I think it is a good start. It is a pilot program, and I think it makes sense.

I do want to continue to work with my friend from Arkansas to make sure that the American taxpayers' privacy is protected. Their returns are not put out of the IRS, but as far as what they owe and who they are, I do not see any privacy on that. That is everywhere in America today. You can pick that up on a credit report.

Mr. PRYOR. Will my friend from Alabama yield?

Mr. SHELBY. Yes.

Mr. PRYOR. Mr. President, I want to ask my friend from Alabama, how are these new collectors going to be paid?

Mr. SHELBY. How will they be paid? We have not received the directive from the IRS. But I hope they will be paid on what they collect, a percentage of what they collect. In other words, I certainly would not want to pay them a salary. I do not believe they would be as diligent or that they would work as hard. Billions of dollars in America is collected each day, probably based on incentives. Incentives do matter. As with the Department of Education debt collection contracts, the base com-

pensation, I hope, would be calculated as a percentage of account dollars collected, or included in repayment schedules agreed to by the debtors. Also, a competitive environment would be structured so that it would reward productive contractors who comply with the law and who do not generate debtor complaints, do not abuse people and penalize unproductive or compliant ones. That is who we look forward to working with.

Mr. PRYOR. Mr. President, in the 1988 taxpayers' bill of rights, on which the Senator from Alabama was a helpful participant, we abolished the quota system. We said to the regional district offices of the Internal Revenue Service, you may not promote or demote your employees based upon what they collected or what they did not collect. We sent a message throughout the IRS collection system: No quotas, no bounties.

The Senator from Alabama has just stated he hopes that they are paid on a percentage. That is a bounty. That is a quota. That is going directly contrary to the 1988 taxpayers' bill of rights.

Mr. SHELBY. This is a lot different, if I can respond. That is different from an IRS auditor coming in and auditing Mr. and Mrs. John Jones' account, and the more they found, the more they get working as an IRS employee. These efforts will be directed at collecting debts that are not in dispute, debts that have been arrived at as owed, debts that have basically been forgotten, as I said, to the tune now of \$70 billion. There is a lot of difference between that and protecting someone who the IRS is auditing or having a tax dispute with. This is not a tax dispute. This is a debt owed. There is a lot of difference.

Mr. PRYOR. Mr. President, to conclude, my friend from Alabama has stated that the IRS has requested this. The IRS did not request this authority. This administration did not request this authority. The present IRS Commissioner did not request this new authority. In fact, the present IRS Commissioner has said she does not think it will work. She is raising the questions that, today, are unanswered.

I hope that my colleagues from both of the committees and both managers—each of the managers, I should say, of this conference report will understand my voting "no" on this. It is nothing personal against them. But I am going to continue this fight to try to strike this from the law of the land when we adopt it.

Mr. SHELBY. Mr. President, I ask unanimous consent that the fiscal year 1994 compliance option request regarding the budget, where the IRS requested this, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

## FISCAL YEAR 1994 COMPLIANCE OPTIONS

## Key Area: Accounts Receivable.

Concern: Implementation of Private Collection Agency Program Pilot Objective.

We are requesting the direct hire of 41 FTEs and \$5.790 million in start up funds. This will enable the IRS Collection to contract for a test to determine the effectiveness/cost benefit of having private sector collection agencies work a portion of delinquent taxes inventory not being worked due to resource constraints.

## PROGRAM AREA

A feasibility study on contracting our collection work was completed by a cross-functional group in December 1991. This group concluded that contracting out could be an effective means to address portions of the Collection inventory that have not been worked, or that have been worked with little or no revenue collected. Benefits of this approach would include a direct reduction in

accounts receivable dollar inventory (ARDI), and a reduction of taxpayer burden.

A test using commercial vendors to collect delinquent taxes will require the establishment of a national program office to plan and oversee implementation of the pilot test site. Collection agencies would be involved with the collection of accounts with a balance due of \$10,000 or less, or accounts receivable deemed too low for immediate IRS involvement. This project requires a national centralized focal point to oversee the program development and to complete testing before implementation. This proposal has the potential to reduce excessive taxpayer burden while increasing revenue.

In addition to personnel this initiative will require start up funds for contractual services. It is not anticipated that the IRS will be able to have a normal business relationship with the collection agencies involved with this program. In the private sector, ac-

counts receivable are collected or sold to a vendor who then retains a portion of the receipts as payment. The IRS must receive the entire portion that is to be applied towards the taxpayer balance due. Then a pre-arranged payment would be paid to the vendor. We estimate \$12.5 million would be needed up-front, \$5.790 million in FY94 and \$6.710 million in FY95.

## TYPES OF EMPLOYEES

We are proposing the direct hiring of 41 FTE/positions, to be distributed as follows: 14 positions to be hired by the beginning of the first quarter of FY 1994 for the project office; 17 positions to be located at the ACS test site location; and 10 positions will be located at the Service Center support site.

## HISTORICAL DATA

This is a first time pilot, there are no historical records.

	Fiscal year—		Total
	1994	1995	
Revenue:			
Projections .....	\$26,859,000	\$34,993,000	\$61,852,000
Cost .....	(5,790,000)	(6,710,000)	(12,500,000)
Net Revenue .....	\$21,069,000	\$28,283,000	\$49,352,000

## ASSUMPTIONS

Benefits of this contracting approach would include a direct reduction in ARDI, and a reduction of taxpayer burden.

We assume a collection rate of 5% of the case value.

The test is scheduled to start in January of FY94; 75% of the revenue is reported in FY94 and 25% in FY95.

As of June 1992 inventories in the queue and currently not collectable (CNC) were as follows:

	Queue	CNC	Total
Taxpayers .....	470,000	1,400,000	1,870,000
Dollar value (billions) .....	3	30	33
Avg dollars per T/P .....	6,410	21,311	

This request is for a limited one year controlled pilot. The experience gained through a pilot test would enable the Service to better evaluate the concept's direct benefits and costs, and to measure public acceptance. The contract would include a one year renewable option for FY95.

## METHODOLOGY

Contract out approximately 100,000 cases (taxpayers) from the two categories listed.

The mix of cases will be approximately 60,000 out of the queue and 40,000 from CNC.

The average dollar per case is assigned to the number of cases that will be contracted out in each area:

	Queue	CNC	Total
Taxpayers .....	60,000	40,000	100,000
Avg dollars per T/P .....	6,410	21,311	
Dollar value (thousands) .....	384,600	852,440	1,237,040

Dollars collected would be approximately 61,852,000, (5% collection rate).

The contract will be a fixed price deliverable contract with an award fee pool, i.e. a fixed price per module with an award if the contractor does an excellent job. The total cost is based on the industry standard, which is 20% of what is collected, approximately \$12,500,000.

\$5.790 million will be needed in FY94 and the other \$6.710 million in FY95.

## FISCAL YEAR 1994 COMPLIANCE OPTIONS, DIRECT ENFORCEMENT REVENUE AND COSTS

(Dollar amounts in millions)

Options	Fiscal year—		Dollars collected by fiscal years—					Totals
	1994 FTE	1994 Cost	1994	1995	1996	1997	1998	
International Issues .....	177	\$30.5	(\$1.9)	\$1.0	\$10.1	\$13.5	\$27.7	\$50.4
Private Debt Collection .....	44	12.6	26.9	35.0	0	0	0	61.9
Bankruptcy .....	60	3.4	23.6	35.0	39.9	44.3	44.3	187.1
High Income Individual .....	160	12.1	(4.9)	(3.0)	12.4	27.4	37.8	69.7
Employment Issues .....	414	31.6	1.9	17.7	108.7	108.7	127.0	329.2
Accounts Receivable .....	529	24.8	61.8	128.8	231.9	247.4	247.4	917.3
Non-Filers .....	358	20.3	9.7	73.7	201.4	294.1	315.6	894.5
Information Reporting .....	109	4.3	0	57.0	63.0	63.0	63.0	246.0
Underfunded Pension Plans .....	43	2.9	0	0	0	0	0	0
Electronic Filing Fraud .....	81	5.0	0	0	Not quantifiable	Not quantifiable	Not quantifiable	Not quantifiable
Motor Fuels .....	25	2.6	0	0	0	0	0	0
Grand total .....	2,000	150.0	13.3	345.2	636.4	798.4	862.8	2,756.1

Note: It is important to realize that the direct enforcement revenue listed above does not represent the total revenue that will eventually be realized through our enforcement efforts. Indirect revenue will occur as a result of influencing the voluntary compliance of not only the taxpayers undergoing enforcement, but also other taxpayers such as relatives, friends, and neighbors. Depending on the compliance option, the amount of indirect revenue will vary.

## FISCAL YEAR 1994 COMPLIANCE OPTIONS

	Revenue Scored by OTA by fiscal year—					Total
	1994	1995	1996	1997	1998	
International issues .....	(\$1.9)	\$1.0	\$10.1	\$13.5	\$27.7	\$50.4
Private debt collection .....	26.9	35.0	0	0	0	61.9
Bankruptcy .....	23.6	35.0	39.9	44.3	44.3	187.0
Collection .....	4.8	10.0	14.9	19.3	19.3	68.3
Chief Counsel .....	18.8	25.0	25.0	25.0	25.0	118.8
High income .....	(4.9)	(3.0)	12.4	27.4	37.8	69.7
Employment issues .....	(1.9)	17.7	108.7	108.7	127.0	329.2
Collection .....	6.4	15.3	32.4	36.6	37.0	127.7
Examination .....	(8.3)	2.4	45.3	72.1	90.0	201.5
Accounts receivable .....	61.8	128.8	231.9	247.4	247.4	917.3
Non-filer .....	9.7	73.7	201.4	294.1	315.6	894.5
Collection .....	5.8	15.9	22.1	23.2	23.2	90.2



## FISCAL YEAR 1994 COMPLIANCE OPTIONS—Continued

	Revenue Scored by OTA by fiscal year—					
	1994	1995	1996	1997	1998	Total
Examination .....	3.9	57.8	179.3	270.9	292.4	804.3
Information reporting .....	0	57.0	63.0	63.0	63.0	246.0
Total .....	113.3	345.3	636.4	798.4	862.7	2,756.1

Mr. SHELBY. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not been ordered.

Mr. SHELBY. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the conference report to accompany H.R. 2020. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. LOTT. I announce that the Senator from Indiana [Mr. LUGAR] is necessarily absent.

The PRESIDING OFFICER (Mr. ABRAHAM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 64, nays 34, as follows:

[Rollcall Vote No. 576 Leg.]

## YEAS—64

Abraham	Frist	Lieberman
Ashcroft	Gorton	Lott
Bennett	Graham	Mack
Bond	Gramm	McCain
Bradley	Grams	McConnell
Breaux	Grassley	Murkowski
Burns	Gregg	Nickles
Byrd	Hatch	Pressler
Campbell	Hatfield	Reid
Chafee	Heflin	Roth
Coats	Helms	Santorum
Cochran	Hutchison	Shelby
Cohen	Inhofe	Simpson
Coverdell	Inouye	Smith
Craig	Jeffords	Specter
D'Amato	Johnston	Stevens
Daschle	Kassebaum	Thomas
DeWine	Kempthorne	Thompson
Dodd	Kerrey	Thurmond
Dole	Kohl	Warner
Domenici	Kyl	
Ford	Leahy	

## NAYS—34

Akaka	Feingold	Murray
Baucus	Feinstein	Nunn
Biden	Glenn	Pell
Bingaman	Harkin	Pryor
Boxer	Hollings	Robb
Brown	Kennedy	Rockefeller
Bryan	Kerry	Sarbanes
Bumpers	Lautenberg	Simon
Conrad	Levin	Snowe
Dorgan	Mikulski	Wellstone
Exon	Moseley-Braun	
Faircloth	Moynihan	

## NOT VOTING—1

Lugar

So, the conference report was agreed to.

Mr. SHELBY. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. LAUTENBERG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the Senate recedes from its amendment numbered 132.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY. Mr. President, I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Massachusetts.

## BUDGET IMPASSE

Mr. KENNEDY. Mr. President, the current budget impasse demonstrates the harsh and unacceptable priorities of the Republican majority in Congress. As the past 2 days have shown, our Republican friends are prepared to hold the entire Federal Government hostage to their extreme agenda. Their price for keeping the Government open is to abandon senior citizens on Medicare and families struggling to educate their children. Their price is too high and their tactics are irresponsible, and President Clinton is right to reject them.

It is wrong for our Republican friends to sacrifice the rights of students and senior citizens on the altar of tax breaks for the wealthy. The American people did not think they were voting for deep cuts in Medicare and education in 1994, and they are not going to vote for anti-Medicare, anti-education candidates in 1996.

Make no mistake, balancing the Federal budget is not the issue. We all agree that the budget should be balanced and must be balanced, but above all, it must be balanced fairly. The fundamental issue that divides Democrats and Republicans is not whether to balance the budget but how to balance the budget. We can debate these issues responsibly. It is reckless and irresponsible for the Republican majority in Congress to shut down the Federal Government because they cannot get their way. They do not deserve their way, and they will not get their way.

Democrats categorically reject Republican priorities that would balance the budget on the backs of senior citizens, students, and working families to provide payoffs to the privileged and confer lavish tax breaks worth hundreds of billions of dollars on the wealthiest individuals and corporations in our society.

In education, the Republican budget bill is a bust for students and a bonanza for big banks. It is wrong to dismantle the highly successful Direct Student Loan Program. It is wrong to prohibit colleges and universities from choosing and using a loan program that provides the best service and the lowest cost to students. It is wrong to tilt the playing field and funnel \$100 billion in new business over the next 7 years to the banks and guaranty agencies in the student loan industry. I say let competition work. Let the best loan program win.

Whatever happened to the Republican belief in competition? The President had signed a law that went into effect in 1993 to provide for a transition and a real competition between direct loan and the guaranteed student loans. Republicans and Democrats alike had worked towards a real compromise.

There were many who wanted to go immediately to direct loans. There were others who wanted the guaranteed loan. So we created a compromise that permitted the universities and colleges of this country to move gradually towards the Direct Loan Program, and they have been moving forward with that Direct Loan Program.

There are more than 1,450 colleges that have that. It is interesting that there is not a single college in the United States that has moved from a Direct Loan Program back to the guaranteed loan. Not one. And there are scores of them that want to move the other way.

But under this particular proposal, what we are doing is actually carving out a very narrow sliver of the whole loan program to the direct loan, some 10 percent, and giving the other part to the guaranty agencies. Almost \$100 billion will flow through them and the profits will be anywhere from \$7 billion to \$9 billion. Those will be out of the pockets and pocketbooks of the parents primarily and the students over the period of these next 7 years, and that is wrong.

We say, "OK, let's leave it up to the universities and colleges." Let them make the choice whether they want the guaranteed loan program, on the

one, or the direct loan on the other. We have offered that. Let the colleges make the choice. That is competition at the local level. But we were refused and effectively closed out from that option.

That is only the beginning of the Republican attack on education. Over the next 7 years, their budget would slash Federal aid to education by an incredible one-third—\$36 billion. A one-third cut in education is utterly irresponsible. We ought to be investing more in education, not less. That is our priority, that is President Clinton's priority, and I am confident the American people share it.

The Republicans claim their budget means a brighter future for the Nation's children. In fact, the Republican budget will turn out the classroom lights for millions of the Nation's schoolchildren and no anti-education plan like that deserves to pass. That is included in the Republican program.

What they take is the House appropriations figure, which is \$4 billion. We had just over \$2 billion in the Senate. I am convinced if we had gone to the conference, it would have been closer to the Senate, given the votes that have taken place here in the Senate on the education issue where we had bipartisan support, 67 to 32, when we had the vote on the Snowe-Simon amendment some time ago and the other actions that were taken on the compromise here.

We restored money in education, and what did the continuing resolution do? It took the lower figure between the House and the Senate, \$4 billion cut and said you only have to spend 60 percent of what was being spent last year. That is effectively undermining in a dramatic way major education programs, whether it is the Head Start Program, the math and science programs for elementary schools, the whole school reform program, the drug-free school program, and many others, and that is basically wrong.

Excessive cuts like that break faith with families across America struggling to educate their children. Extreme cuts like that walk away from 30 years of bipartisan cooperation to improve education. Up to this year, we had bipartisan support. If you look over the last Congress, in 1992 through 1994, when we reauthorized the Head Start Program, when we reauthorized title I, \$6.6 billion to reach out to needy children to help them with math and science, when we passed the Goals 2000 program to commit 90 percent of the funding to go to local schools and parents in local communities to enhance academic achievement, when we passed the School-to-Work Program, when we passed the Direct Loan Program, every one of those had bipartisan support. Only a handful of Republicans voted against it. Effectively, what happened in the 1994 legislation that said

we have to wipe those programs out—I did not hear that point being made by our Republican friends in the course of the 1994 election, and we should not effectively undermine that important commitment to the young people in this country.

Mr. President, over the next decade, the number of school-aged children will rise to 50 million. That is almost double the number in the Sputnik era, a generation ago, when nobody questioned that educating our children was an urgent national priority. We are increasing the total number of children and effectively seeing the significant cuts by a third of all of the programs dealing with K through 12.

Now is no time to cut education. Education is the key that unlocks the American dream. Cutting education as we struggle to meet the challenge of the information age is like cutting national defense at the height of the cold war.

Senior citizens are targeted by the Republican budget. In the bill vetoed by President Clinton, our Republican friends were not insisting that Medicare payments to doctors and hospitals be cut as their price for keeping the Government open. They were not insisting that fraud and waste be squeezed out of Medicare. They were not insisting that senior citizens get the preventive care for outpatient services that they need to keep them out of the hospital to reduce Medicare. The right way instead of the right wing way. The only provision our friends insisted on was a new tax on senior citizens in the form of higher Medicare premiums.

Speaker GINGRICH makes no mistake about it. He says he wants to see Medicare wither away. Well, with priorities like that, it is more likely that the Republican Party will wither away.

Medicare is part of Social Security. It is a contract between the Government and the people that says, "Pay into the trust fund during your working years, and we will guarantee good health care in your retirement years."

It is wrong for the Republicans to break that contract. It is wrong for Republicans to propose deep cuts in Medicare—three times as deep as anything needed to protect the trust fund. It is doubly wrong for Republicans to propose deep cuts in Medicare in order to pay for tax breaks for the wealthy. It is triply wrong for the Republicans to try to force the President into accepting higher Medicare premiums as their price for keeping the Government open.

Over the period of the last 2 days, I have seen many of the Republican leaders on television, and not one of them mentions their tax cut for the wealthy individuals. I have yet to hear them talk about it on the floor of the Senate. Not one of them goes on television and says, "The reason we need our program, Mr. President, is because we

have \$245 billion of tax cuts." Not one of them say it. They brought it in here just a few days before we were going to vote on that. It was an add-on, and once they got their commitment in terms of the higher premiums on Medicare, then they went ahead and got their tax cut. We have all known that it has been out there for some period of time. Why do we not, on the level, try to present that to the people and let the American people vote on that issue? They refuse to do so.

So Republican leaders make the posterous claim that their cuts in Medicare will only affect millionaires. Well, I have news for them. Eighty-three percent of the Medicare spending is for senior citizens with incomes of less than \$25,000 a year. Almost two-thirds of Medicare spending is for senior citizens with less than \$15,000 a year. These are the people who you are raising the taxes on with the increased premiums on Medicare. On average, because of gaps in Medicare coverage, already high copays, deductibles, and premiums, senior citizens must spend 21 percent of their total income to purchase the health care they need. It is unfair to make them bear the brunt of cuts in Medicare.

The Republican attack on Medicare will make life harder, sicker, and shorter for millions of elderly Americans. They deserve better from Congress, and I believe they will get it.

This cruel and unjust Republican plan to turn the Medicare trust fund into a slush fund for tax breaks for the wealthy deserves to be defeated. Their attempt to force a Medicare premium increase into law to keep the Government running deserved the veto it received.

We can meet our budget goals without undermining education, without undoing Medicare, and without shutting down the Government. I believe that this is a battle that we should fight, rather than cutting the Medicare programs and the key education programs, which are so important for the future.

Mr. HARKIN. Will the Senator yield for a question?

Mr. KENNEDY. Yes.

Mr. HARKIN. The Senator makes a lot of good points about the people that are being hurt out there and are being affected by this shutdown of the Government. I ask the Senator if he knows something or has heard what I have found out today and that I was not aware of. Right now, because of the shutdown in Government, I understand that essential workers go to work. All of our staffs are here at work; committee staffs are here, Senators' staffs, and Representatives' staffs are here. But I just discovered today that when they get their paychecks next week, they are not going to be paid for any days worked after the 13th of this month. Is that the Senator's understanding?



Mr. KENNEDY. Well, I had heard that mentioned by some of our colleagues, but the particular details, I am not as familiar with as the Senator from Iowa. I hope that he will explain that to us.

Mr. HARKIN. Well, I just heard that even though they are essential workers and they have to come to work, they do not get paid. I then found out that it does not just apply to staffs. All the air traffic controllers out there right now working to guide our aircraft—they are working now, and they are essential, but they are not getting paid. So whether it is our staffs, air traffic controllers, or people working at the Pentagon for the Department of Defense, they are working but not getting paid.

I thought we did away with slavery in this country. They have to go to work, but they do not get paid. Now, again, I guess they will get paid later on sometime, but these are people with mortgages, car payments, kids in college, kids in school. They have their bills to pay just like everybody else. But next Monday, when they get their checks, they are going to come up short. However, I think the Senator—I would like to ask the Senator, we do not fall into that category? Senators and Congress are going to get full pay next week when our paychecks come. But staff, air traffic controllers, everybody else, they do not get full pay.

What an abomination. I ask the Senator, it seems to me, did we not pass, earlier this year, a law stipulating that all of the laws that we have in this country have to apply to Members of Congress and the Senate? Did we not pass that bill? I thought we passed a bill that said if we have laws out there, they have to apply to us just like everybody else?

Mr. KENNEDY. The Senator is quite right, with this one exception: We have provided ourselves with universal comprehensive health insurance. We get the choice of some 200 health programs. The Federal Government pays three-quarters of it; we only pay a quarter of it. We have not provided that for the American people. We have provided very good health insurance for every Member here, and it is so interesting that so many of those that were against any kind of health care coverage were the quickest ones to sign up. You can go down in the office of the Secretary of the Senate, and they have a blue sheet down there, and you can go down and check off if you do not want your health care coverage. Every Member in this Senate now has checked that and said that they do want it.

So the Senator is right. We have applied laws to ourselves that cover others, with the important exception that we have not given the American people what we have given ourselves in terms of health insurance, which is another

issue at another time. But I think it is always important to mention that, particularly when the total number of uninsured is going up through the roof, particularly children in my State and around this country, and where the cost of health care continues, particularly in prescription drugs, to rise.

Mr. HARKIN. The Senator is our expert on health care. My question was dealing with the staff right now who are not getting paid in the Senate and the House, the air traffic controllers, and the people who work for the Department of Defense. But we do. I thought we passed a law that says that Congress has to live by the laws that the rest of the people do. You pointed out one in health care. Is it not true also that Congress is not applying to itself the very laws that say that those staff people, air traffic controllers, people working for the Department of Defense, essential Government workers, they do not get paid?

But guess what, Senators and Congressmen? We get our pay.

Mr. KENNEDY. That is certainly the way that I understand it, the way that the Senator explained it. I think it is one of the reasons why I think the American people are so frustrated and should be frustrated.

This did not have to happen, does the Senator agree with me? This did not have to happen, to work through this whole kind of a situation where they are halting the Government and effectively blackmailing the President of the United States for the first time in the history of this country, and also loading up the debt limit with similar kinds of activity to try to halt full faith and credit when we ought to be able to, as individuals, be able to work out an accommodation. That is the way it is done around here.

Mr. HARKIN. Will the Senator yield?

It seems funny, since Congress has not applied this law to itself—that is, Senators and Congressmen continue to get paid but other Government workers will not get paid.

They are the ones who have mortgages to meet, car payments, kids in school. Does it not seem fair to the Senator that perhaps we ought to take up the Boxer bill and pass it here, that would say that Senators and Congressmen and the Speaker of the House and everybody else, that we put ourselves in the same boat, that we do not get paid either during this same period of time? Does that not seem reasonable?

Mr. KENNEDY. It certainly seems reasonable to me. It would make a great deal of sense.

Mr. HARKIN. I hope that the other side, the Republicans, would agree to bring this up and put ourselves in the same boat as all the other Government workers who are not getting paid and see how long this foolishness will go on if Senators and Congressmen are not getting paid.

Mrs. BOXER. Will the Senator yield? Mr. KENNEDY. I am happy to yield to the Senator.

Mrs. BOXER. My question is—Mr. NICKLES. Mr. President—Mr. KENNEDY. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Massachusetts has the floor.

Mr. KENNEDY. I will yield briefly and then I will yield the floor.

Mrs. BOXER. I wanted to ask the Senator if he was aware, because the Senator from Iowa raised the subject, that in fact the U.S. Senate did pass the Boxer amendment which said no budget, no pay.

It was bipartisan. Senator DASCHLE and Senator DOLE helped me get it through. It passed twice. But it is, in fact—and I ask the Senator if he is aware of this—Speaker NEWT GINGRICH who refused to allow it to be voted on on the House side.

Is the Senator aware of that?

Mr. KENNEDY. I was not aware that very sound and worthwhile, valuable suggestion which I supported was sidetracked—Speaker GINGRICH, in other words, sidetracked that measure.

Mrs. BOXER. Yes, I say to my friend, that is true.

Mr. KENNEDY. And as a result of that, we have the inequity which the Senator from Iowa pointed out.

I yield the floor.

#### MORNING BUSINESS

Mr. NICKLES. Mr. President, I ask unanimous consent there now be a period for the transaction of morning business, with Senators permitted to speak for up to 15 minutes each, so if we have discussion we can have discussion on both sides of the issue.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE CONTINUING RESOLUTION

Mr. NICKLES. Mr. President, I want to respond to a couple of comments made by my friend and colleague from the State of Massachusetts.

I heard two or three statements that Republicans have a budget and they are trying to balance the budget on the backs of senior citizens and making unrealistic cuts in Medicare would be the thrust. I disagree.

Mr. President, if you look at the Medicare fund, it is going broke. The Medicare system is funded by a payroll tax. All the money goes into one fund. It is financed by a tax that costs right now 1.45 percent of payroll, matched by employer. That is 2.9 percent.

Now, next year the fund pays out more than it takes in. You cannot continue to do that indefinitely. The fund is going broke. The President's own trustees said it is going broke.

Some of us do not want that to happen. Some of us think that would be

unfair to seniors. Maybe some of my colleagues on the other side of the aisle say, "Well, do not do anything. We will not solve that problem." I disagree.

Now, there are two ways to solve the problem—either reduce the rate of growth of spending in Medicare, which is, frankly, what we are proposing, or you increase payroll taxes, which is what Congress has done in the past.

Just for my colleagues' information, I looked up years ago what was the history of Medicare taxes. The maximum tax in 1977 was \$177. That is employee and employer maximum tax. The maximum tax in 1993 was almost \$4,000. So it went substantially from \$177 to almost \$4,000.

Guess what? The fund is still going broke. So we have increased the tax rates, we have increased the basis. We are spending a lot more money, and still spending exceeds the revenues. Next year, the spending is greater than the revenue in spite of the fact that now there is no cap. It is 2.9 percent of payroll. It can be well over \$4,000 and the fund is still going broke.

If it goes broke, it cannot pay the bills. It cannot pay the hospital. It cannot pay the doctor. How is it responsible to allow that to happen? I do not believe it is responsible. So we need to fix it. That is part of our budget.

Somebody says, "Well, you are cutting Medicare." I disagree. This year we are spending \$178 billion in Medicare. By the year 2002, we will be spending \$286 billion in Medicare. That is an increase. That is an increase at twice the rate of inflation. So, Medicare under our proposal grows twice the rate of inflation, and it stays solvent. We keep the Medicare trust fund solvent for beyond the year 2010. The President keeps it solvent for a couple more years. That is not satisfactory. We are trying to be responsible. Some people are playing politics.

The President is playing politics. The Republicans wanted a 25-percent increase in beneficiaries' payments. That is so demagogic. The facts are, just to be very simple, part B, part B is voluntary. It pays for the doctors. When the system started 30 years ago, it was supposed to be 50-50. Now the percentage that beneficiaries pay is 31.5 percent. That means taxpayers pay 68.5 percent. That means my son and daughter, who are not wealthy by any means but they have jobs, they are helping to subsidize the wealthiest persons' Medicare—they help pay 68.5 percent of the Medicare premium of the wealthiest persons in America.

We are trying to make some changes in that. One, we try and keep the perk at 31.5 percent under our proposal. Anybody that has looked at the problem of financing Medicare says that the Medicare beneficiary should probably pay at least 31.5 percent. Here you have the President of the United States saying that is an outlandish increase in

Medicare copayments. No, we were trying to keep the percentage at 31.5 percent.

People should know the country's law says it will drop to 25 percent. Should it drop to 25 percent when it is going broke? We are trying to keep it at that level. Is that an unfair attack on senior citizens to give rich people tax cuts as was alluded to on the floor? Definitely not.

As a matter of fact, we passed a provision that says any increase between the 25 percent and 31.5 percent, 100 percent of that goes into the part A trust fund, which is going broke. Any of the changes that we made in part B, any of the changes we made as increased contributions—and we say wealthier people—we will drop off the subsidies. If they make over \$150,000 or something, they have to pay 100 percent of their Medicare payments. We will eliminate the subsidies for wealthier people. I believe that subsidy phaseout begins at \$60,000 for an individual and \$90,000 for a couple. We say above those amounts—and it takes \$50,000, I think, to get to where there is no subsidy—we say above that amount people should pay their own.

I think that is a good proposal. Why should our kids be subsidizing people who have incomes of over \$150,000? That is a good proposal. Does that wreck the Medicare system? No. It helps save the Medicare system. It reduces the subsidy that a lot of people are paying for people who can well afford to pay for their own.

I want to make a couple of comments concerning the stopgap spending measure that we in Washington, DC, call a continuing resolution. The President vetoed one that we sent him the other night, on Monday night. I wish he had not. He vetoed it because of the part B, and he demagogued it and maybe scored some points. It might have helped electionwise, but it was bad policy for him to do that. I regret that.

What else did he veto? I met with the negotiators yesterday. And I compliment Senator DOMENICI and Congressman KASICH. And we met with Mr. Panetta and Secretary Rubin representing the administration, we said we will not mess with Medicare. We say what we really want is a commitment to balance the budget in 7 years. So we want to pass a continuing resolution, a stopgap spending bill, that will allow Government offices across the country to stay open, but we want a commitment from them to balance the budget in 7 years.

Mr. Panetta said that is not acceptable. Why? Because we want to use Congressional Budget Office economics because we feel those are more realistic than the Office of Management and Budget, than the President's economic figures. They said it was not acceptable. I will just remind you, Mr. President, that the President of the United

States in a speech in the House of Representatives, in a State of the Union speech, said that he would use Congressional Budget Office figures. He did not want smoke and mirrors. He did not want to play games. He said, let us use the same numbers. There was a big round of applause.

Now the President does not want to use the Congressional Budget Office. You say, what difference does that make? I will tell you. Over a 10-year period of time it makes \$475 billion difference, the difference in economic assumptions. So you are talking about a lot of difference. That is twice what we are talking about for changes in Medicare and so on. So we are talking about a significant difference.

The President says we can balance the budget just by having greater economic expectations and so on. We are saying, no, let us use realistic numbers, let us use the same numbers the President said he would use 2 years ago. So that is what we are saying. Then we said we want to balance the budget in 7 years.

President Clinton, as a candidate in June 1992, said we can balance the budget in 5 years. In the last 4 months, he has said we should balance the budget in 10 years, 9 years, 8 years, 7 years, and more than 7 years. He said all the above. We believe it should be done in 7 years.

Do we know what is right? Why did we pick 7 years? Because, when we had a balanced budget amendment on the floor of the Senate, we said we would balance the budget by the year 2002, and we said we would try to do it whether we had a balanced budget amendment or not. We happened to think that was the right thing to do. We should balance the budget. That is what this is all about.

Do we want to fund Government? Do we want to shut Government down? No. Do we want to pass a responsible short-term spending resolution? Yes. But we also want the President to start working with us to balance the budget. And, so far, he has been AWOL: absent without leadership. He has not been at the table.

His negotiators have said, send us a bill, we will veto it, and then we will negotiate. Why should we not negotiate now? Why should we not try to solve the problems now, not later, but now? We have not been able to get anybody's attention in the White House to make it happen. We want it to happen. We want to save Medicare and we want to balance the budget and we want to be able to give American families tax relief.

Then I just have to answer the claim that I heard two or three times by my colleague from Massachusetts, when he said Republicans want to make all these changes, they are cutting all this spending, and they want to do it so they can give their wealthy friends tax cuts. I disagree.



Are we cutting spending? Not really. Today we are spending \$1.5 trillion. In 7 years we are going to spend almost \$1.9 trillion. Spending rises every single year.

Do we slow the growth of spending? Yes. Do we curb the growth of entitlements? Yes. Have we done that before? For the most part, no. Congress has never really had the courage or the leadership to slow the growth of entitlements, and some entitlement programs have been exploding. So now we are saying, let us control their growth. In most cases, like Medicare, it is growing at over twice the rate of inflation. But we can do that and balance the budget, moderate their growth and save Medicare.

All the savings in Medicare go in to help save the Medicare fund, so Medicare reductions in growth have nothing whatsoever to do with tax cuts. But we are saying we can make this slope. We can actually make it happen, balance the budget by the year 2002, and allow American families to keep more of their hard-earned dollars.

Over 70-some-odd percent of our budget, 75 or 76 percent, is directed toward American families. The bulk of that is the \$500 tax credit per child. Most all that—we passed it in the conference—it comes out to individuals who make less than \$70,000 or families who make less than \$110,000. So we target it toward working families who are paying taxes. Then they can use that.

If you have two kids, that is \$1,000 a year. If you have four kids, that is \$2,000 a year. If you have an income of \$24,000, you will not pay any income tax. If you have income of \$30,000 with two kids, we just cut your tax in half. If you have income of \$40,000, we just cut your income tax by a fourth. If you have income of \$75,000, we did not reduce your tax very much percentage-wise, but we still allow that person to have \$2,000 more. If they have four kids and they can send their kids to college, that will help them make that decision. People will be able to make that decision, not Government. To me, that is very profamily.

We do some other things. We have some IRA enhancement so people can be encouraged to save. We have some inheritance tax changes so people can be encouraged to build a small business and pass that on to their children and grandchildren. There are some very positive things in this bill that I think would be supported and should be supported by both Democrats and Republicans, and we do it in a responsible fashion.

Mr. President, I have been here for 15 years and we have never voted for a balanced budget. We have never voted for the implementing legislation to make it happen. Now we are talking about doing it.

Granted, the White House does not want to participate. They do not want

it to happen. But we are really serious about making it happen. We want to balance the budget.

To me, this battle is not about who wins, Democrats or Republicans. It is who wins as far as our children are concerned. Are we to continue piling up debt after debt after debt?

The President's budget, according to CBO, has \$200 billion deficits as far as the eye can see. For 7 years, 10 years, it is over \$200 billion and climbing. That is not acceptable. That is not realistic. It needs to be changed.

We are trying to convince the President he is going to have to negotiate with us to get us to a balanced budget. He says he is for a balanced budget; he just does not have one. We are producing one, and hopefully in the next couple of days we will vote on one.

Mr. President, I am optimistic. I hope the President and his advisers would quit saying "what makes me look better in the polls" instead of saying what is right for America. I know some of the President's advisers, and I know they know we can never ever get to a balanced budget unless we start curbing the growth of entitlements, which is about \$1 trillion out of a budget today that is \$1.5 trillion. They know you cannot say we are going to balance the budget and only work on a third of the budget. They know you have to work and really look at the entire budget, and that is what we are trying to do.

So I urge the President—I hope we send the President a short-term spending bill tonight. I believe the House will be taking up one soon. That bill will be a continuation—it will be a short-term spending bill, and it will also have language that we should balance the budget with real economics by the year 2002.

I hope the President receives that bill tonight. I expect he will receive that bill tonight, and I hope he will sign it. Thousands of people can go back to work and we can go back to work and we can finish our business, and that business should include balancing the budget. To me, that is not a victory for Republicans or Democrats; it is a victory for Americans. That is what we should be doing. That is what this Congress has been working on for the most part of this year, and now it is coming to a crisis point; it is coming to a head. Now is the time to do it. In my opinion, if we send the President a clean CR with language that we should be balancing the budget in 7 years, he should sign it, and I hope he will.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee.

#### A BALANCED BUDGET

Mr. THOMPSON. Mr. President, I think the Senator from Oklahoma has hit upon the real issue. I think it is im-

portant that we get back to the real issue, focus on the real issue, what all this complex debate is about. It simply boils down to whether or not we want a balanced budget—whether or not we want a balanced budget. All the discussion, all the debate, all of the figures, all of the back and forth—do we want a balanced budget, and what are we willing to do to achieve it?

Everybody says they want a balanced budget. Everybody gives lip service to a balanced budget. We came close to passing a constitutional amendment, lacking one vote, to balance the budget, and everybody said we do not need a constitutional amendment. All we have to do is balance the budget and do the right thing. The day of reckoning now has come, and we are challenged to do the right thing.

Why does everybody admit that we have to have a balanced budget? It is because of the simple fact we are in the process of bankrupting the next generation. The fact we say it over and over again, like water rolling off a duck's back, does not make it any less true.

That is what is happening. That is why many of us ran for office. That is why many of us came here—not because we want to say no to anybody; not because it will not be more comfortable to have business as usual, continue the same programs, the same levels of spending, and making everybody happy; not because of that but because we realize that there was going to be some heavy lifting to do. That is a challenge for a serious person.

I like to think there are a lot of serious people addressing this. Now the very people who are crying the loudest over students—who are the purported defenders of the elderly and all of the other people who these large deficits are hurting and creating a Nation and an economy that will hurt them because of the deficit presided over this last 30 years with the lack of a balanced budget—perhaps can tell those of us who have not been here that long why, if they are concerned about all of these little people, they allowed this country to get into the shape of a \$5 trillion debt. They say, "Well, the Republicans were in the White House part of that time." That is true. The Democrats controlled the Congress almost all of that time. And that is true.

And half the time that I listen to the debate here it is "who shot John?" Who is the bigger person that is the most blameworthy in all of this debate? We have to get past that. We have to get past this idea that one side is for the average person and the other side is not.

The real issue here is whether or not we want to balance the budget. The President says now that he wants a balanced budget. But the American people are gradually going to focus in on the fact that the President, and

those that are supporting the President in this deadlock that we are in right now, are twisting and squirming and maneuvering all the time they say they want a balanced budget to do everything in the world to avoid a balanced budget. Why would they want to do that? Because, if we have a balanced budget, we cannot continue to spend the way that we have been spending for the last 30 or 40 years in this country. And everybody likes to spend.

In all of the congressional hearings we have up here nobody comes up here and testifies, "Please cut out our grant." Nobody comes up here and testifies that "we get too much money." Everybody loves spending. Everybody wants a little more. Everybody wants their nose in the trough, and everybody has been there for the last several decades in this country. Now we have to decide not who is going to give lip service to a balanced budget but who is willing to do what is necessary.

The fact of the matter is that the irony is if we act now, if we do a responsible thing now in order to get a balanced budget, a major step toward a balanced budget, we do not have to engage in draconian measures. We can make some incremental adjustments. We will be spending more money.

The Senator from Oklahoma pointed out that over a 7-year period we will be spending more money—\$1.9 trillion in this country. We do not have to hurt anybody. But we have to get to our job. We have to start down that road toward what everybody says they want. Everybody wants to go to Heaven. Nobody wants to do what is necessary to get there.

The President now has figured out, apparently, how we can balance the budget without really making any incremental adjustments. He decided to turn his back on his own figures that he said he wanted—the Congressional Budget Office figures over all these years to let his staff come up with new figures, and they produced about a half a trillion dollars out of thin air because they changed the estimates. They changed some estimates, projections, and figures and said, "Well, we do not really have to do anything." Of course, that will get them past the next election, will it not? It will get them past the next election before that little house of cards comes tumbling down just like every other projection in this country over the last decade has come tumbling down.

We are trying to use real figures over here. The President said during the campaign that he had a plan to balance the budget in 5 years. Then when he is submitting his budget, everybody kind of looked at it, and said, "Well, that is \$200 billion a year of deficits as far as the eye can see." They kind of acknowledged that was the case.

Then the President said, "Well, we need to balance it maybe in 10 years."

Then, since that time, he has been at 7 years, 8 years, and 9 years, too, I think. I do not think he has gone back to 5 years, or anywhere along the line.

Then he submitted another document purported, I guess, to be a budget document that has the new figures in it. Lo and behold, we really do not have to make many adjustments at all because we have this windfall over \$400 billion because he is using the figures now that he derives from his own staff. Bobbing, weaving, turning, and twisting all the time saying he wants a balanced budget but every few days coming up, "Well, we can do it in this number of years," changing to, "No. We can do it in that number of years." One of his advisers, Ms. Tyson, who says somewhere along the line we do not really need to have a balanced budget. It would hurt us to have one. The next day, I guess we really do. But we should not have it before 10 years.

Are these the comments, are these the actions, of a serious leader who really wants a balanced budget? Are these the actions of someone trying to get past the next election giving lip service to a balanced budget but not willing to do one thing—not willing to say to anybody that we cannot continue your program with a 10 percent increase a year, we can continue it maybe at 6.4 percent? I think the answer to that is clear.

But the President bobs and weaves, twists and turns, and now his latest impasse when legislation was sent down with the Medicare provision is that he cannot go along with the submission because it is raping Medicare, and we are trying to do all of these terrible things. A person dealing with the complex issue who is willing to use scare tactics—and he has the most bully of all pulpits—is going to win that argument in the short run because you can scare people on these important matters and complex issues. It takes a while for it to set in. But the truth does set in, and it will set in just like on his health care plan.

The President now says with regard to Medicare part B—and everybody acknowledges that Medicare is in terrible shape, and going bankrupt—but he wants a temporary reduction in premiums until the next election, a temporary reduction in premiums when he and all of his advisors have acknowledged in times past that premiums are going to have to be increased. What is the difference between the increase that we are saying is going to be necessary to save it and the increase that the President says is necessary? Four dollars by the year 2002; a \$4 difference. We are \$4 higher than he is.

If he can convince the senior citizens and get them so excited, and appeal to the worst instincts of the American people in terms of greed and selfishness, that they are not going to be willing to make any incremental adjust-

ment, even to the extent of \$4 for the benefit of the next generation, then I guess this is a hopeless cause. But I do not think we have come to that point yet.

But this is what he is trying to sell. This is what he is trying to sell at a time when it is going bankrupt, at a time when everybody knows we have to make some incremental adjustments. Between now and next November he wants actually those premiums to be able to decrease at a time when everybody knows they have to go up a little bit, and even acknowledges it but he is waiting until after the election to do it.

Why resist the balanced budget this strongly? Because spending is a hard habit to break. I guess there is nothing more attractive politically in this entire world than the proposition and the idea of being able to have your cake and eat it too. And if the American people can be convinced that the President really wants a balanced budget but that we really do not have to do anything in order to achieve it, and that anybody who suggests we have to make incremental adjustment is against students, or against his own parents, or against retirees—if a person is willing to play that game, he is going to make some points. But he is not going to win because I think people understand that is a short-term game, and that we have a long-term problem; and that, if we will face up to what we need to do, we will have to make some short-term adjustments but we will have some long-term benefits that will inure to the benefit of our children and our grandchildren that we will be extremely proud of.

The Heritage Foundation just this month issued a report using a widely regarded model of the U.S. economy and found that balancing the Federal budget between 1996 and 2002, and cutting taxes, caused the economy generally to grow more than not balancing the budget and cutting taxes. According to this simulation that they used, the balanced budget plan with tax relief would mean that gross domestic product would grow by \$10.8 billion more than under current law by the year 2002. If we balanced the budget, we would get an additional \$32 billion in real disposable income over that period of time. If we balanced the budget, we would have an additional \$66.2 billion in consumption expenditures over that period of time. If we balanced the budget, we would have an additional \$88.2 billion in real nonresidential fixed investment over that period of time.

If we balanced the budget, we would have a decrease of four-tenths of 1 percent in the conventional mortgage rate in this country. That means that a balanced budget with tax relief will save a home borrower of \$100,000 about \$10,000 over the life of a 30-year mortgage. If we are concerned about working people



and middle-income people in this country, we need to balance the budget. People out here trying to buy a home, seeing their wages stagnated, young working people's wages actually going down, interest rates being what they are, trying to borrow, what are they going to be if we do not balance the budget? The tax rate, some say, will be 70, 80 percent if we do not balance the budget—astronomical interest rates.

Here is the result if we do balance it: additional construction of over 104,000 new family homes over the next 7 years; the additional sales of 100,000 automobiles over the next 7 years worth \$10 billion, and a decrease of 7 percent in the growth rate of the Consumer Price Index, a decrease in the Consumer Price Index for things that average people go to K-Mart, Wal-Mart, or whatever, and buy.

It is not all gloom and doom. It is not all gloom and doom. We are going to have to reduce the rate of growth in some of these programs without question. But after that, we stand to see real long-term benefits in this country.

So again, Mr. President, let us get back to the real issue. The real issue is whether or not we really want to balance the budget in this country and whether or not we really want to give any more than lip service to it. We are at a point now where we are either going to put up or shut up.

The President of the United States needs to know that there are many of us here who would like to work with the President. We would like to do this thing together. I think ultimately we are going to have to do a lot over the next several years to get this job done. It is not a 1-year deal. Ultimately, it is going to have to be Democrats and Republicans together, it is going to have to be the Congress and the White House. I would like to get on about that. But if he is going to continue to stand in the way of what we all know has to be done, he ought to know there are some people in town who are just as stubborn as he is. And if we were not willing to finish the job we came here to do, we would not have taken the job in the first place.

#### ORDER OF PROCEDURE

Mr. THOMPSON. Mr. President, I ask unanimous consent that the Senate now stand in recess subject to the call of the Chair.

Mr. EXON. I object.

The PRESIDING OFFICER (Mr. GRAMS). Is there objection?

Mr. EXON. I object.

Mr. THOMPSON. I suggest the absence of a quorum.

Mr. BUMPERS. Will the Senator yield for 1 minute? Will the Senator yield for 1 minute prior to the quorum call?

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. THOMPSON. I object.

Mr. NICKLES. I object.

The PRESIDING OFFICER. Is there objection? Objection is heard.

The clerk will continue to call the roll.

The legislative clerk continued with the call of the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. NICKLES. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will continue to call the roll.

The legislative clerk continued with the call of the roll.

Mr. EXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. NICKLES. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will continue to call the roll.

The legislative clerk continued with the call of the roll.

Mr. NICKLES. Mr. President, I ask unanimous consent that further proceedings under the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### UNANIMOUS-CONSENT AGREEMENT

Mr. NICKLES. Mr. President, I ask unanimous consent that there now be 1 hour of debate equally divided under the control of Senator EXON for 30 minutes and Senator SANTORUM for 30 minutes; at the conclusion of that hour that the Senate would stand in recess subject to the call of the Chair.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. Reserving the right to object, and I will not object, I would just correct that to say that I believe the intent is it would be under the control of Senator EXON or his designee. Is that correct?

Mr. NICKLES. That is correct.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, I yield myself 10 minutes under the unanimous-consent agreement just agreed to.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 10 minutes.

#### BALANCING THE BUDGET

Mr. EXON. Mr. President, those who are watching the debate on television might wonder why it was that it took us so long to get to this point. Actually, this Senator had sought recognition, the Senator from Arkansas was about to seek recognition, when we

were suddenly cut off with the quorum call. I am glad that the Republicans have come back and seen the light to allow us at least to discuss a proposition that is very vital to America.

As I understand it, we are awaiting the offer by NEWT GINGRICH from the House of Representatives. It would be a continuing resolution to some time in the future, maybe 10 days, maybe 15 days, and stripped of all other extraneous matters except—I underline except—the proposition that we would have a balanced budget by 7 years using CBO's estimates.

That is exactly what was proposed to us yesterday during a conference that I was a part of. I will simply say to you, Mr. President, that this Senator is for balancing the budget in 7 years. I voted for a constitutional amendment to do that. The record of this Senator in fighting for control of spending in the United States and getting our budget under control is very clear, if not legendary.

I would simply say, if we accept the continuing resolution that the Republicans have come up with, I would simply compliment them and compliment them and compliment them for the fact, after we have been pounding this podium now for almost a month, that they have finally conceded that they are not going to insist on making cuts in the Medicare proposals. At least that would be a major victory for us. And I salute them for finally recognizing the failure of their ways in that regard.

However, I would say, Mr. President, that if we accept the continuing resolution, then that continuing resolution is essentially what the Republicans offered to us yesterday, which was rejected by the administration and, I suspect, will be strenuously objected to by the majority of the Democrats. This is a shell game that is going on because, if we accept this continuing resolution, had we Democrats and the White House accepted yesterday this same offer that was offered to us in the daylong negotiations, we would essentially be locking in the Republican budget that they are trying to force down our throat and that of the American people.

They would essentially have guaranteed the \$245 billion tax break for the wealthy. They would essentially guarantee a dramatic cut in the projected spending of Medicare. They would continue the unfairness that is part and parcel of their budget. What this continuing resolution is, as I understand it, is another clever means—another clever means—of trying to fool the American people.

I emphasize that this Senator is for a balanced budget in 7 years. And as the Democratic leader on the Budget Committee, I am fashioning such a program that I will offer at an appropriate time. But I am not about to sign on, and I hope none of the Democrats will, and

enough of the Republicans—to stop it. If they do not, the President will veto it, in any event.

I want to explain what they are doing. They are trying to put into law in the continuing resolution the basic unfairness of the budget that they are proposing. I would also point out, Mr. President, that all during the so-called budget deliberation, the Democrats have not been involved. I am a member of a conference with the House of Representatives on four matters: the debt ceiling; debt rescission bill that we hope to receive sometime tonight that they want us to vote on even before we see the numbers; the matter of the line-item veto, which I joined with the Republicans in getting passed, but after we passed it they wanted to make sure that this President did not have a line-item veto until they got their unfair budget bill passed; and I am also a conferee on the defense authorization bill, which is a very, very important matter.

I would simply say that in all of these matters, Mr. President, I am a conferee, but I have not even been conferred by the Republicans. They have gone behind closed doors, shut out the minority Democrats, done what they want, stamped "Republican fairness" on it, and sent it on its merry way.

Mr. President, there is so much wrong with the procedures that are going on in the U.S. Senate today that I am ashamed, and I would best describe it as "a swamp." It is not part of the deliberative body that this body has been known for for a long, long time.

To sum up as best as I have ever seen it summed up was an editorial in U.S. News & World Report, that of November 13, 1995, by David Gergen. I am going to read that, Mr. President, because I think it puts all this in proper perspective. It exposes this once and for all by David Gergen, who is now an editor at large with the U.S. News & World Report, but is better known as a very prominent Republican who served with great distinction in the White House under President Ronald Reagan.

Here is what he has to say in the editorial of the date I mentioned:

#### THE GOP'S "FAIRNESS DOCTRINE"

Give credit where ample credit is due: True to their campaign promises, Republicans in Congress are forcing the country toward a balanced budget. Only once since the Eisenhower presidency has the nation written its ledgers in black ink. Now, doing what Democrats would not, the new GOP majorities are trying to restore a habit of self-discipline.

But in the eagerness to satisfy one principle, fiscal responsibility, the Republicans would ask the country to abandon another, equally vital, principle—fair play. This is a false, cruel choice we should not make.

When George Bush and then Bill Clinton achieved large deficit reductions, we pursued the idea of "shared sacrifice." Not this time. Instead, Congress now seems intent on imposing new burdens upon the poor, the elder-

ly and vulnerable children while, incredibly, delivering a windfall for the wealthy.

Proposals passed by the House and Senate would rip gaping holes in the nation's social safety net, already low by standards of advanced nations and once considered sacrosanct. Consider how much Congress would extract from projecting spending for key social programs over the next seven years: \$169 billion from Medicaid, \$102 billion from welfare, \$27 billion from food assistance, \$133 million from Head Start, at least \$23 billion from the earned income tax credit—a program enacted in the 1970s that Ronald Reagan called "the best antipoverty, the best pro-family, the best job-creation measure to come out of Congress."

This assault doesn't even count the \$270 billion reduction in projected spending for Medicare that is frightening senior citizens and could further squeeze public hospitals. Nor does it include the possible elimination of federal standards for nursing homes—standards signed into law by Reagan to stop rip-offs of the elderly.

Now consider how our more fortunate citizens make out under these proposals:

Left largely unscathed are billions in subsidies, tax loopholes and credits for corporations.

Left largely untouched are many sacred cows—such as the mortgage interest deduction—that benefit middle- and upper-income groups.

And for sweeteners, Congress would throw in \$245 billion of tax cuts (especially wrong-headed because well-to-do Americans aren't seeking them while hard-pressed Americans won't qualify for them).

U.S. News reported last week that internal studies by the executive branch estimate that the lowest 20 percent of the population would lose more income under these spending cuts than the rest of the population combined. At the other end, the highest 20 percent would gain more from the tax cuts than everyone else combined. Republicans are probably right that these estimates, coming from Democrats, are skewed. But no one disputes the basic contention that the burdens and benefits are lopsided. In a nation dividing dangerously into haves and have-nots, this is neither wise nor just.

Arguments advanced by proponents simply aren't persuasive. States will take over many of the social programs, it is said, and will make the poor whole. Huh? Who believes that in this climate state legislatures will raise taxes to help poor kids? Many of these social programs are broken, it is said, so they must be overhauled. True, there are many abuses, but we should protect the truly needy while we punish the greedy. Sometime tomorrow, it is said, balancing the budget will help everyone in the younger generation. True, but why shouldn't we all share the same sacrifices today?

Ronald Reagan is often invoked as the patron saint of this revolution. How soon we forget that as president, Reagan insisted that seven key programs in the safety net—Head Start, Medicare, Social Security, veterans, Supplemental Security Income, school lunches and summer jobs for youth—would not be touched; now, six of those seven are under the knife. Reagan believed, as he said in his memorable address accepting his party's nomination in 1980, that "we have to move forward, but we're not going to leave anyone behind."

That sentiment should guide upcoming budget negotiations between Congress and the White House. It expresses America's true spirit. We know that government must be

changed and respect Republicans for trying when Democrats would not. But Americans also believe in another grand tradition—fair play.

What we are going to be voting on tonight is another Republican trick. It is not fair play. I hope that the debate will follow, and I hope that we will be allowed to offer some amendments by the Democrats that will be fair.

I yield the remainder of my time, half of it to the Senator from Arkansas and the other half to the Senator from California.

Mr. SANTORUM addressed the Chair. The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I yield 10 minutes to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 10 minutes.

#### BUDGET CONFRONTATION

Mr. SIMPSON. Mr. President, I thank the manager for the time, and I thank the Chair.

I think the people of America must be getting pretty tired of this by now. My hunch is they are. My hunch is, in real-life America, they are saying, "What are these jerks up to?" That means the President, that means the people in Congress, that means all of us. That is what we are looking at.

And they must be just numb, as we are sitting here arguing about whether to go 4 or 5 bucks more a month on a program which is called part B premiums on Medicare, which is voluntary anyway. You do not have to belong. I mean, it boggles the mind.

One of the fascinating things about coming to the Senate is the experience of living in two realities. There is one that you actually live, and there is another one that you read about in the papers. That is an interesting one, too. Sometimes I wonder if, indeed, there is any possible correlation between the two.

A case in point is this current stand-off, this Government shutdown. The headlines and the television would indicate that it is nearly—nearly—the same as Three Mile Island, which was back in 1979. That got a lot of hysteria. The plume was supposed to be floating towards Washington to paralyze us all in our sacks at night. This is the kind of stuff that goes with this business. Any time you have 24-hour-a-day news, you have to find the news to stick in it, and, boy, they stick it in.

This confrontation about the budget has inspired the media to new heights of hysteria, about the President bringing the Government to a halt. They say, "No, no, the President didn't do that; the Congress did that." I would like to remind my colleagues about a fact or two, because one can watch all the television, read the newspapers in



utter vain until your eyes pop out of their sockets and see the television until you get a migraine, and you will never hear described what has really happened here.

What has happened is that the President decided to shut down the Government. I hope you heard that. We in the Congress sent him continuing resolutions, called CR's—you have heard that before—to keep it going. And he said, no, that he was going to shut it down.

There are people lobbying the Congress now about this matter trying to pressure us into "doing something about it." Someone does not realize what has happened. We cannot force the President to sign our resolutions to keep the Government operating. I hope you hear that. He does, indeed, have the power to shut the Government down, and he has. It is not something which can be changed by lobbying the Congress.

So that is just one little item that seems to have glanced off the simian skulls of many of the Nation's media for reasons quite unclear to me.

Here is another one. The President decided to veto our first continuing resolution, he said, because of a necessary measure to maintain Medicare premiums at a constant fraction of program costs.

Just a few raw facts about that particular action. Fact 1: The President himself, his very self, endorsed increases in Medicare part B premiums. Has anybody missed this, that the President of the United States has asked for these? And they are within \$5 of where Republican budgets have been headed. I hope that everyone will hear that one.

Medicare part B, fact 2, was originally structured so the beneficiaries pay 50 percent of the program costs and the general taxpayers the other 50 percent. We have now let it slip to 31 percent, and if we did not take that action to arrest that decline, it would have dipped to 25 percent next year, meaning that we would have raised the effective taxes on the American public up to 75 percent of all of this program cost.

That was the action that the President was demanding when he blocked the Medicare provision. He was demanding that we increase the taxpayers' contributions to the program to 75 percent of the overall program costs. That is called raising people's taxes.

Guess who is paying the taxes? Thirty-one percent is paid by the beneficiary, regardless of their net worth or their income in a voluntary program. No one can refute that. I challenge anyone.

So 70 percent, 69 percent paid by Joe Six-Pack and now the President wants to have Joe Six-Pack paying 75 percent of the premium and doing things for the little guy? The drinks are on me.

Fact 3: Taking that action, blocking that measure will vastly worsen the deficit outlook in the years to come, because it would require the Government, that is, taxpayers, and I hope somebody has that figured out, who this Government is, to spend more and more on Medicare part B than it otherwise would. So the President was making a stand here for higher deficits. I guess that is what he wanted to do.

Fact 4: The President did not do this to protect Medicare beneficiaries from Republicans—evil Republicans—for he had already endorsed restraints on the growth of Medicare that are almost exactly the same as Republicans have. This President said he wanted a 7.1 percent annual growth limit in his own package, his budget, just assumptions—at least he said 7.1. What do Republicans want to do? Let it go up only 6.4. So we are seven-tenths of 1 percent apart and shutting down the Government.

So let us not be bamboozled into thinking that this was some principled stand, if you will, to hold Medicare harmless.

Fact 5: The President got his own way. We offered him a clean continuing resolution, no Medicare provision. Yet, he has kept the Government shut down. So what are we and the people to make about all of this? I would opine that the President has forgotten one essential factor needed for a man who intends to stand on principle: There has to be a principle there to stand on.

What does he want now? What will convince him to let the Government operate again? We have offered him a clean continuing resolution, if only he will work with us to balance the budget in 7 years. He said he wanted to balance it in 5, 7, 8, 9, and 10—pick one, any one. That, my colleagues, is the sticking point. The administration will not agree to that.

The President would sooner keep the Government shut down than to work with us—while stockpiling mountains of debt upon our children and grandchildren—at least until after November 1996. Then there will be lots of scurried action, you bet, patching together a limping Nation, but not until after November 1996. The President is hung up over a couple of requirements. One is that he does not want to agree in advance to a deadline for a balanced budget. That, very simply, is because he simply has no plans to balance the budget. Thus, he refuses to be held to any standard which would require that this be done.

The other serious problem he has is that if he refuses to adopt the standards which he himself previously had endorsed—even demanded and required—and that is a certification by the Congressional Budget Office. He well knows that if real numbers are used, if the books are not cooked, then none of his own proposals will be

judged to balance the budget and will never see the light of day. And he is out, then, on the statement he made at the State of the Union Address a couple of years ago when he said, "Let us use CBO numbers, ladies and gentlemen, no more phony numbers. Let us use Congressional Budget Office." And everybody cheered. What numbers do we use now? OMB. I know that sounds like inside baseball. I call it deception.

That is the problem. The President is saying: Let me cook the books, let me avoid any deadline for balancing the budget, and I will set Government running again. That does not sound like much of a principled stand to me.

Let us try to look at this from the President's point of view for a moment. Consider what would happen if he did agree to try to balance the budget in 7 years, using real numbers, without gimmicks and chicanery in the books, and without assumptions and all the stuff we have seen both administrations use for decades; then he would have to agree with the Congress as to making really tough decisions. Then he would have to take a long, hard look at what is really happening in Medicare, and that it is going broke. His own trustees are telling him that—people he appointed, people of the stature of Robert Rubin, Robert Reich, and Donna Shalala. He would have to give up the pretending.

He would have to give up the posturing and the pretending that he is the great defender of unlimited spending on the poor, the elderly, the veteran, the downtrodden, everybody. He can choose to pose now as their greatest protector because he is held to no standard at all of budgetary responsibility—none. But if the standard is required of him, then suddenly he cannot continue to say what he has been saying, that he can shield these vulnerable folks from evil depredations and balance the books all at the same time.

So that is where we are. This whole Government shut down as a result of a gap between the administration's rhetoric. They claimed to want to balance the budget 18 times in one speech yesterday, and they simultaneously claim that no favorite political constituency in this land, not a single sacred cow, needs to be touched. On the other hand, the reality is that some severe, very tough choices have to be made in order to balance the budget. The American citizens know it, and everybody in this Chamber knows it.

As soon as the administration is held to an honest standard of accountability, this gap will be exposed. And, politically, the administration simply cannot bear to face that. So they are going to keep the Government shut down.

This is a curious version and vision of leadership. The administration will not be able to play this game forever. It will be great for a short period of

time. It is going to be a lot of fun. They received a temporary boost from playing the Medicare political card. But I do not think in any long-term way the public will believe that refusal to commit to balancing the budget is any worthy or worthwhile lesson or reason to shut down the Government of the United States for 5 bucks a month on a program that is voluntary, which in any other society would be called an income transfer, because 70 percent of it is paid by Joe Six-Pack, and 30 percent of it is paid by the beneficiary, regardless of their net worth or income. No wonder the people think we are nuts.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

#### A BALANCED BUDGET

Mr. BUMPERS. Mr. President, I yield myself 10 minutes. There is so much to be said on this subject and not very much time. I want to begin by following up on what my good friend from Nebraska, Senator EXON, said a moment ago. I do hope that we do not have any further abuse of the rules by trying to silence the minority and put in a quorum call and object to it being called off, because there are Senators on this side who want to speak. That is the kind of things they do in Third World nations, Mr. President.

We are a body of Senators who are supposed to be deliberating. We cannot deliberate if we do not get the floor to speak, and we cannot speak when this place is in recess. We all know what is going on here. There is an obvious effort to silence people. I am not going to be silenced. I am like Patrick Henry—I'm willing to sit here all night to say what I am going to say.

The other thing the Senator from Nebraska brought up is that no Democrat—not one—has been invited to participate in a conference on the so-called budget reconciliation bill. We are not even permitted in the room. The first time, probably, in history, that the minority has been completely shut out of conference. I have only been here 21 years, but it is the first time I have ever seen anything like it in my life. Normally, when the House and Senate pass different versions of a bill, they select conferees—and there are more Republicans when they are in control and more Democrats when we are in control. The conferees resolve the differences between the two bills and they send the conference report to both Houses.

This body is going to be asked to vote on Friday on the budget reconciliation bill, on which not one Democrat has even been offered the opportunity to amend, or even offer an amendment. So when the President says, no, I am not going to accept the Republican so-called 7-year budget balancing act, it is

not because he does not favor a balanced budget.

I heard the Senator from Tennessee earlier tonight say that is what all of this is about. I say to all Senators, if that is all this were about, we would be recessed and home by now.

The President wants a balanced budget. The House and the Senate want a balanced budget. The American people want a balanced budget. But the President is not going to sign a bill with garbage on it which has no place on it. And he is not going to sign a bill which commits him to a reconciliation bill that is absolutely devastating to the values of this country.

What are we doing? Here is that sacred document called the Constitution. It is the reason we are still a free nation. What does it say about the Presidency? Just so you will not think I am making this up, I will read it.

Every Bill which shall have passed the House of Representatives and the Senate, shall, before it becomes a Law, be presented to the President of the United States; if he approve he shall sign it, but if not he shall return it with his Objections to that House in which it shall have originated, who shall enter the Objections at large on their Journal.

The mother tongue is English. I just read, in English, the Constitution which says if the President approves, he will sign it. If he does not approve it, he will send it back.

I will not take the time to read the rest of it, but then it says the bill shall go back to the House where it originated and that House shall vote to override the President's veto by a 67 percent vote. And if they do it, it will be sent to the other House.

What are we doing here? The President vetoed the continuing resolution. There is no effort to override it. They have an AK-47 to the President's head, saying, "You will accept a \$20 billion cut in school lunches; you will accept a \$40 billion cut in education; you will accept a \$270 billion cut in Medicare; you will accept a \$182 billion cut in Medicaid; you will accept a \$32 billion cut in the earned-income tax credit; you will accept a \$245 billion tax cut for the wealthy."

People on this floor stand up and solemnly talk about a tax credit for our children. Let me tell you about the tax credit for our children. The people who work in this country who have children do not get it. If that is the House Speaker's idea of a revolution, deliver me from it. I hope the Speaker keeps using that term revolution. It scares people. It scares me.

When I hear people talking about a revolution, I might also say there are a lot of people who have never received the full benefits from the first revolution. And an awful lot of them do not want the benefits of his revolution, including me.

This is not about who wants a balanced budget. This is who believes in

elemental values of fairness. What the reconciliation bill says is: Eight percent of the people cheat. Let us kill the whole program. Put another 1 million people in poverty by adopting the welfare reform bill. Educate 1 million fewer children in college by cutting student loans and student grants. So far as that child tax credit is concerned, Mr. President, listen to this. They act as though the parent of every child in America is going to get a \$500 tax credit. Mr. President, there are 5 million households in this country, with 11 million children, that will receive part or all of the \$500 tax credit.

Listen to this. There are 8 million households with 15 million children who will not get one dime, not even a nickel. Who are they? Who are these 15 million children? I will tell you precisely who they are. They are the people who ought to get a tax cut because they are from the families who do not make enough money to even pay income tax. A husband and wife that make \$20,000 a year and pay no tax won't benefit from the so-called family tax credit. If you pay no tax, you get no refund. What kind of value is that?

I have never seen so much political chicanery in my life. It is scary. Some of the things that have gone around here have been absolutely shameful.

I know exactly where we are headed. We are headed to the point where the people in this country are beginning to get nervous about the Speaker's revolution. They are uneasy.

I tell you, the election a week ago yesterday was not that big a deal. We Democrats got some satisfaction out of it. To me, that election just simply said we are not sure this is what we voted for in 1994. We want a balanced budget but we did not know you were going to assault the elderly and the poor children by cutting school lunches, by cutting education funds, by cutting funds for the elderly, by a \$182 billion cut in Medicaid which affects the health care of the poorest children in America. Mr. President, the Republican budget would impose a \$2.6 billion Medicare cut on my little State of Arkansas. I promise you we will be lucky to even have a program worthy of the name Medicaid. We cannot do it if you cut \$2.6 billion, and for what? For this miserable, for this awful \$245 billion tax cut which the wealthy do not want and which the poor will not receive.

So I can see it coming now. The polls are going to continue to show the President doing very well and the people getting terribly upset about what we have done here. So what will happen? We will bring up desecration of the flag. That will take their mind off of it. Everybody loves the flag. And everybody is for prayer in school, so we will bring up prayer in school. That will get their mind off of it.

Is it not interesting? I have fought a line-item veto ever since I have been in



the Senate, and this year I lost. We passed a line-item veto, and what happens? There happens to be a Democrat in the White House and we cannot get anything done.

What about term limits? Everybody was for term limits as long as the Democrats were in charge. Now all of a sudden term limits are not such a hot idea. I wonder if that has anything to do with the Republicans gaining majorities in the House and Senate?

The PRESIDING OFFICER. The Chair would like to remind the Senator from Arkansas he has consumed 10 minutes.

Mr. BUMPERS. Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I yield myself—we have 18 minutes remaining?

The PRESIDING OFFICER. You have 17 minutes 45 seconds.

#### THE FACTS

Mr. SANTORUM. I yield myself 9 minutes.

Mr. President, sitting here I was planning on what I was going to say, and talk about how we were going to balance the budget over the next 7 years. It is very difficult to sit here and listen to some of the inaccuracies that were being put forward on the floor. It is amazing to me. We should have a debate that talks about what the facts really are.

The Senator from Arkansas said 15 million children are not going to benefit as a result of the child tax credit. What he did not tell you is those 15 million children have parents who pay no income tax. In fact, the majority of those—first, for all of those 15 million children, their parents receive an earned-income tax credit, most of which is not to pay them for the income tax they pay. They paid no income taxes. But it is to pay them for their Social Security taxes that they pay. And in the majority of cases it is to give them money beyond even their Social Security taxes. So, to suggest we should then give them an additional \$500, it is how much welfare you want to provide?

What we have done is, people who earned the earned-income tax credit and who pay no taxes, they are going to be at least as well off, if not better off than what they would be under current law. Those who do pay taxes will get a \$500 tax credit, or a portion thereof, depending how much they pay in taxes. If they only pay \$300 in taxes they will get a \$300 tax credit.

Again, I guess it is statistics. There are lies, damned lies, and statistics. There is a statistic that, if you listen, on the face you would say, "Boy, this is not fair. We are not helping out the poor folks here in this country who need help."

Wrong. We have the earned-income tax credit that does just that. This is for families who pay taxes. That is what the tax credit is for, for families who pay taxes. I just wanted to set the record straight on that.

I would like to step back and take a look at where we are right now. Where are we? The Government is shut down. What does that mean? That means all nonessential personnel are not showing up for work and have not been showing up for work. I found it somewhat remarkable that 99 percent of the Department of Housing and Urban Development are nonessential. That makes you think about what they do over at the Department of Housing and Urban Development, that 99 percent of them are not essential. Mr. President, 89 percent of the Department of Education are not essential and 67 percent of the Department of Commerce are not essential.

One has to stop here and think. If all this is so important, how can the Department of Housing and Urban Development, almost everybody there—the only reason it is not 100 percent at HUD is because political appointments are deemed essential. Other than that, I guess everybody at HUD could go home.

This is where we are. Government is shut down. Why? I can tell you in a word why. It is because the President of the United States has refused to come to the table and negotiate on how to balance the budget. That is what this all about, all this clamor, Medicare this and that. The Senator from Wyoming was completely eloquent on the demagoguery that is going on with the Medicare part B premiums. But the bottom line is the reason Republicans and Democrats have not sat down at a conference to get a balanced budget resolution to the floor is just that the President of the United States has simply refused to participate in those discussions.

No one on the other side of the aisle has offered any kind of hope that they are willing to participate themselves in this discussion to get to a balanced budget. Oh, you hear that I am for a balanced budget. Everybody is for a balanced budget. But wishing does not make it so. You have to make decisions. You have to come to a conclusion on how we are going to do it.

All we are trying to get from the President right now in a CR, which is the spending bill that we are going to be considering probably later tonight, is a commitment from the President that he will agree in the next few days to sit down and negotiate a balanced budget over the next 7 years using real numbers—not phony, rosy scenario numbers, not gimmicks, not smoke and mirrors, but the real thing, the thing he said he was going to use. That is what we said we wanted. That is not much.

That is exactly what the Senator from Arkansas said he is for. He is for a balanced budget. Let us get a balanced budget. Let us do what we promised the American public. Let us do what President—then candidate—Clinton promised the American public, that he had a plan to balance the budget in 5 years. Three years have gone by—no balanced budget. And how about 10 years? That is what it has been since the President said he could do it in five. That is all we are asking. That is where we are. I know there is a lot of confusion out there.

The Senator from Arkansas is correct. The people are being scared to death out there. If I listened to the Senator from Arkansas very long, I would be scared too. You would think everything is going to collapse around here. Well, the fact of the matter is that most of America has gone on pretty well the last couple of days. Life is OK. And we have a serious problem. Those of us who are here trying to solve that problem believe it is important to stand our ground and to do what is right—which is a balanced budget. That is not to say that we should not compromise. We should. We should sit down and discuss a balanced budget over the next 7 years. We will sit down with the President. We will assess his priorities. He will assess ours. But we need to do that. We need to sit down and start negotiating on how we are going to get there.

My goodness, we owe it. I have three young children, a 4-year-old, a little boy who is going to turn 3 this weekend, and a 5-month-old little boy. I cannot go home every night and look at them. I just cannot go home and look at them and say, "Well, we are going to continue to spend more money. You are going to have to work more hours with probably less take-home pay than people are making today and have less opportunity, less chance for advancement, because I just could not make tough decisions because I was afraid that someone was going to vote against me or the polls said, you know, people do not like what we are doing. I am sorry. If anybody in this country who has listened to this can look at their children or grandchildren and say that extra \$5 a month means your future, that is just that important to me, I do not think anyone can do it."

This is a historic time in our country. I had a gentleman who saw me outside on the way in. He has been sitting up in the galleries biting his tongue for the last 3 days listening to all of this. He suggested in a letter that he gave me that we should do what the Founding Fathers did in Philadelphia when they were working on the U.S. Constitution, that we should take a day off, sit and ask God to help us and intervene, and we should pray about it, and we should have a reconciliation.

Maybe that is a good idea. Maybe we should get rid of all this rhetoric around here—all of these charges and countercharges—and think about what this country was founded upon. Think about how important this great experiment is to the world, and how all of this politics—that is what it is, folks; this is just all politics being played—how all this just is not necessary.

We are not that far apart. I mean, we really are not. It is amazing, if anybody—I do not know if any of the news publications have done this—would take a look at where the President wants to go, at least his public statement, and where we want to go. The Senator from Wyoming said we are seven-tenths of 1 percent away on Medicare spending. I mean, that is a few billion dollars a year out of a program that is a \$250 billion program. You do not think we can come together on something? Of course we can.

Welfare reform—I have been working on welfare reform for 3 years on this bill. We have a bill in conference that is very similar to the Senate bill, one that the Senate passed 87 to 12, and one that the President said he would sign. That is going to be in the reconciliation bill. It is something he should sign. We are not far apart. There may be a few minor differences in welfare, but not substantial. It has everything the President campaigned on. It is in that bill. Tax cuts—

The PRESIDING OFFICER. The Chair reminds the Senator from Pennsylvania—

Mr. SANTORUM. I will take 45 additional seconds.

We are close together on tax cuts. He says he wants a tax cut for middle-income families. I talked before. We say EITC increases for next year and the year after. That is included in our budget, with the exception of families that do not have children. But if you have a child, you are going to get those increases.

We have a middle-income tax. Ninety percent of our tax cut goes to people under \$100,000.

I think my friend from Wyoming may have a good idea. We ought to start thinking about what our calling is here and the great experiment that we have in this country, and can the politics. Let us get down to the substance, because on the substance we agree. We are not far apart, and we hope we agree that balancing the budget is the best thing for this country.

I yield the remainder of my time.

Mrs. BOXER addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I understand that I have 7 minutes. I ask unanimous-consent that I be granted 3 additional minutes and 3 additional minutes on that side as well.

Mr. SANTORUM. I object.

The PRESIDING OFFICER. Objection is heard.

Mrs. BOXER. Thank you very much, Mr. President. That just shows you the kind of cooperative spirit we have when the Senator from California asks for 3 additional minutes and that the unanimous-consent request asks for an additional 3 minutes for the other side. That that would be objected to is extraordinary.

Mr. COATS. Will the Senator yield?

Mrs. BOXER. On your time. I only have 7 minutes.

Mr. COATS. We were informed that an agreement was made with the leaders, the majority and minority leaders, that an hour of time would be allocated, 30 minutes to each side, and that Senator DOLE would then recess.

May I suggest that the Senator from California take her 7 minutes. We will check to see if that can be extended, and perhaps additional time can be added on, an equal amount on each side, while she is speaking.

(Mr. SANTORUM assumed the chair.)

Mrs. BOXER. I thank my friend very much because I do not think 6 minutes in a day like today is going to make or break the U.S. Senate. That is why I asked equally for each side.

Mr. COATS. It may not. But since there was an agreement between the leaders, we have to check with them.

Mrs. BOXER. I absolutely have no problem with that at all. I thank the Senator very much.

#### RECONCILIATION AND THE BUDGET

Mrs. BOXER. Mr. President, when you took to the floor, you talked about your obligation to your children. I relate to that very much because I raised two of them, and now I am a grandmother. That is what this debate is all about. You are exactly right. It is about our children, and it is about what life in America is going to be like for them.

I grew up in the years when I was able to get the American dream. I came from a very middle-class family. Actually, my mother never graduated from high school, and I am in the Senate because I got a free education, because I played by the rules of the game, because I had a community that was safe to grow up in and a caring community it was. I grew up in an inner city.

So that is what this debate is all about. It is about the Presiding Officer's children and my grandchild and generations to come.

I find it very interesting; on the one hand we hear a new cry: All we want is a little bit different than the President. All we are talking about is incremental change. That is what the Senator from Tennessee said.

Well, gee, I have listened to the Republicans. They are talking about a revolution—a revolution—not incremental change. And it is a revolution to allow Medicare to “wither on the

vine,” to quote NEWT GINGRICH. He says he was talking about HCFA. He was talking about Medicare. Even all the analysts agree—wither on the vine. The majority leader bragging to a group that he led the charge against Medicare.

So let us not take to the floor and say one thing one day: It is a revolution, and another thing another day: No, no, it is just that we want to balance the budget.

Today the majority leader made a very eloquent speech in which he praised Republicans for their courage. He said the polls are not going our way, but we are courageous. And I think that the majority leader clearly sees it that way. But I have to ask a question: What is courageous about shutting down the Government? What is courageous about cutting Medicare by \$270 billion and giving the money to the wealthiest among us? What is courageous about gutting education and environmental funds and, frankly, repealing nursing home standards? What is courageous about loading down the temporary debt extension and the continuing appropriations bills with extraneous matters such as regulatory reform, habeas corpus reform, and my all-time favorite, a debt limit extension for a few weeks that says to the President, “Your hands are tied on the debt crisis. You cannot do anything but default.”

That is really swell. When I was a stockbroker on Wall Street, I watched the market shift, and so far they do not believe anything is going to happen, but I can tell you we are playing with fire here. For the greatest nation in the world, the dollar is under stress right now. The markets are wondering. S&P is looking at us for bond ratings. The international bond raters are saying we are on the watch list.

Swell. Real courageous. I say it is outrageous, and it is a dereliction of our duty. What is courageous about not doing our job? What is courageous about thousands and thousands of American workers being sent home, workers who have to care for their families. They, too, I say to the Presiding Officer, have beautiful little children just like you, and you do, and you adore them, and these workers adore their families. They do not know if they are going to get paid. As a matter of fact, they will not get paid until this mess is over, even if they are essential. And if they are nonessential, who knows.

That is a dereliction of duty that is not courageous. So I hope we get off of the self-congratulatory binge around here, whether Republicans or Democrats, because a pox on everyone for this mess we are in. There is nothing courageous about this continuing shut-down, about Congress not passing its appropriations bills. Let us not try to blackmail the President with a budget



that destroys Medicare and rewards the wealthy. The fight should take place over the budget bill, not over these short-term extensions and trying to force the President into signing something that makes it impossible for him to negotiate. I do not know how else to say it except, ladies and gentlemen, we do have a Democrat in the White House, the Republicans' control the Congress, and we better work together and not tie each other's hands. Come to the table clean.

I ask a question: Why should we get our pay when thousands of other Federal employees are not getting theirs? Why should we get our pay? It is not fair. We passed here in this Senate the Boxer-Durbin bill that essentially says if there is a shutdown, Members of Congress and the President will not get our pay and we will not get it back retroactively. And some of us have begun doing something about it. But this is about institutional failure.

I was here when we all voted for congressional accountability, and we said we are not above the law; we are going to be treated like everybody else. And yet we are the only Federal employees who are guaranteed their pay even though there is no appropriations bills signed into law for this function.

I do praise the leadership of the Senate; in a bipartisan way, Senators DASCHLE and DOLE, they came together. They supported this. But over there on the House side Speaker GINGRICH is blocking a vote as we speak. I hope people will call Speaker GINGRICH.

The PRESIDING OFFICER. The Senator's time has expired.

Mrs. BOXER. I hope they will tell him to support the Boxer-Durbin no budget-no pay bill. It is not courageous for us to take our pay and cut off everybody else's.

I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Indiana.

#### CALLING THE PRESIDENT'S BLUFF

Mr. COATS. Mr. President, what we are faced with here very shortly is essentially calling the President's bluff. We sent him a continuing resolution that would keep Government open, keep those workers working, keep the functions of Government going forward, and the President vetoed it, he said, because it was loaded with extraneous material. There were items on there that promoted the Republican budget, promoted the Republican plan to redefine some of the functions of Government, and therefore he could not accept it. But give him a clean CR, so-called clean continuing resolution, that is what he needed. That is what he wanted. We had all kinds of injunctions from 1600 Pennsylvania Avenue about giving the President just a clean bill.

Now, the President campaigned in 1992 vigorously on the proposal of a

balanced budget in 4 years, some say 5. It might have been 5. The President has kind of been all over the lot on this. But 4 or 5 years is almost irrelevant here. The President said this country needs a balanced budget, and if I am elected, I will deliver a balanced budget.

He also campaigned vigorously on tax relief for middle-income families with children, saying it is a disgrace that they are so shortchanged in our Tax Code; the costs of raising children are increasing dramatically; we need tax relief for middle America.

That was 1992, and that was the campaign. Subsequently, we have not seen delivered from 1600 Pennsylvania Avenue a balanced budget that is scored as a real balanced budget. It was the President himself in his first address to a Joint Session of Congress after he was elected who looked at the Republican side with a big smile on his face and said we are going to use the numbers certified by the Congressional Budget Office because they are non-partisan and they are not politically motivated as are the numbers from the Office of Management and Budget, which is the President's own budgeting people.

Now, all that the Republicans are asking for, and I assume will come over from the House of Representatives, we hope this evening, is what the President has said he wants: a continuing resolution which will bring back Federal workers to work tomorrow morning, which will continue the functions of Government. There is only one condition attached to it, and that is the condition that the President campaigned for and the President now has asked for, and that is a balanced budget.

We are saying, Mr. President, we will allow Government to go forward for a period of time while we resolve the details of a balanced budget. And unlike the 4 years or 5 years that you campaigned for, we will allow 7 years in order to accomplish this fact. That is all we are asking. And we are attaching it to this continuing resolution as a condition because, frankly, that is the only way we can bring the President to the bargaining table.

We have heard nothing but excuse and obfuscation from the White House and from the President, from Democrats, our friends across the aisle. "Oh, yes, we're for a balanced budget, but not this one." Well, I have been here 15 years, and that is all I have heard from the party across the aisle. "We're for a balanced budget, but not this one. We need to talk some more. We need to negotiate some more." That is all we have been doing this year in this body.

Democrats say they have not been invited to the party. They have been at the party now for 10 months. We have debated every item that we are talking about in reconciliation. We talked

about the tax cut, we talked about the changes to Medicare, to Medicaid, to welfare, to every aspect of the budget. Everybody knows what the details are. The fact of the matter is, there are people who want to maintain the status quo. They are the party of government, big government, ever-growing government. It is their ticket to political success, they think. And there are many of us who feel that our debt is of such a staggering proportion, and growing at such an extraordinary rate, that this is the moment and this is the time where, if we do not grab a hold of it now, it may be too late.

So we have put a plan together to balance that budget. What we hear from the other side of the aisle is nit-picking about portions of this plan. And so we have said, "All right, Mr. President. We will set that aside and we will simply, in return for continuing the functioning of government, we will simply ask you to agree to sit down with us and negotiate a plan to balance the budget in a 7-year period of time, certified by the very accounting agency, the Congressional Budget Office, that you asked us to use."

So I do not know how much more we can give the President. We have essentially given him everything he has asked for. And so we are going to find out whether or not the President is really interested in balancing the budget, is really interested in keeping the promise he made to the American people in his campaign for the Presidency. We are going to put this on his desk and say, "Mr. President, we have now given you what you asked for. If you really believe this, sign the bill, and we're in business. If you veto it, we'll all know where you stand."

The bluff is going to be called. It will be called very quickly. And the American people will fully understand just who is willing to put it on the line for a balanced budget and who is not willing to put it on the line for a balanced budget. So we will know now in about the next 24 hours or so just who is upfront and who is straight out with the American people about the agenda that is best and good for this country.

I think everyone instinctively knows we cannot continue on the path that we are on. To continue on that path is bankruptcy for this Nation. Republicans are saying, "It's time to draw the line to make the tough choices, to balance the budget. Mr. President, why don't you join us?"

I thank the Chair.

The PRESIDING OFFICER. The time has expired.

#### RECESS SUBJECT TO THE CALL OF THE CHAIR

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess subject to the call of the Chair.

Thereupon, at 7:22 p.m., the Senate recessed until 9:05; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mrs. HUTCHISON).

### MORNING BUSINESS

Mr. DOLE. Madam President, I now ask unanimous consent that there be a period for the transaction of morning business with Senators permitted to speak for up to 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

### MESSAGES FROM THE HOUSE

At 12:08 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills in which it requests the concurrence of the Senate:

H.R. 1014. An act to authorize extension of time limitation for FERC-issued hydroelectric license.

H.R. 2366. An act to repeal unnecessary medical device reporting requirement.

The message also announced that the House has passed the bill (S. 790) to provide for the modification or elimination of Federal reporting requirements, with an amendment, in which it requests the concurrence of the Senate.

At 1:40 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House disagrees to the amendment of the Senate to the amendment of the House to the bill (H.R. 1868) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1996, and for other purposes.

At 3:15 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2020) making appropriations for the Treasury Department, the United States Postal Service, the Executive Office of the President, and certain Independent Agencies, for the fiscal year ending September 30, 1996, and for other purposes; and insists on its disagreement to the amendment of the Senate.

The message also announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 2539. An act to abolish the Interstate Commerce Commission, to amend subtitle IV of title 49, United States Code, to reform economic regulation to transportation, and for other purposes.

### MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 1014. An act to authorize extension of time limitation for FERC-issued hydroelectric license; to the Committee on Energy and Resources.

H.R. 2366. An act to repeal unnecessary medical device reporting requirement; to the Committee on Finance.

H.R. 2539. An act to abolish the Interstate Commerce Commission, to amend subtitle IV of title 49, United States Code, to reform economic regulation of transportation, and for other purposes; to the Committee on Commerce, Science, and Transportation.

### MEASURES PLACED ON THE CALENDAR

The following bills were read the second time and placed on the calendar:

S. 1410. A bill making further continuing appropriations for fiscal year 1996.

S. 1411. A bill making further continuing appropriations for fiscal year 1996.

### EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1597. A communication from the Secretary of the Senate, transmitting, pursuant to law, the report of the receipts and expenditures of the Senate for the period April 1 to September 30, 1995; ordered to lie on the table.

### INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BREAUX:

S. 1412. A bill to designate a portion of the Red River in Louisiana as the "J. Bennett Johnston Waterway", and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. HELMS (for himself and Mr. FAIRCLOTH):

S. 1413. A bill to amend the Federal Water Pollution Control Act to require that an application to the Federal Energy Regulatory Commission for a license, license amendment, or permit for an activity that will result in a withdrawal by a State or political subdivision of a State of water from a lake that is situated in 2 States shall not be granted unless the Governor of the State in which more than 50 percent of the lake, reservoir, or other body of water is situated certifies that the withdrawal will not have an adverse effect on the environment in or economy of that State, and for other purposes; to the Committee on Environment and Public Works.

By Mrs. HUTCHISON (for herself, Mr. SIMPSON, Mr. HELMS, Mr. GRAMM, and Mr. MCCONNELL):

S. 1414. A bill to ensure that payments during fiscal year 1996 of compensation for vet-

erans with service-connected disabilities, of dependency and indemnity compensation for survivors of such veterans, and of other veterans benefits are made regardless of Government financial shortfalls; to the Committee on Veterans Affairs.

By Mr. D'AMATO:

S. 1415. A bill entitled "Thrift Charter Conversion Act of 1995"; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. HATFIELD (for himself and Mr. MACK):

S. 1416. A bill to establish limitation with respect to the disclosure and use of genetic information, and for other purposes; to the Committee on Labor and Human Resources.

### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BREAUX:

S. 1412. A bill to designate a portion of the Red River in Louisiana as the "J. Bennett Johnston Waterway," and for other purposes; to the Committee on Energy and Natural Resources.

THE J. BENNETT JOHNSTON WATERWAY DESIGNATION ACT OF 1995

Mr. BREAUX. Mr. President, I rise today, with respect and admiration for my colleague from Louisiana, the Honorable J. BENNETT JOHNSTON, in order to introduce legislation which will designate part of the Red River the "J. Bennett Johnston Waterway."

Senator JOHNSTON's diligence in serving the people of Louisiana for close to 30 years more than justifies this legislation and should be a reminder to those of us who have had the honor to serve in the Senate with him and to all who will serve here in the future what the word "service" truly means.

The work that Senator JOHNSTON has done to rebuild and rejuvenate the Red River and the communities that depend on it exemplifies the strength of his leadership and his commitment to the economic development of Louisiana.

For years, the many bends and excessive sedimentation in the Red River made it unnavigable to the barges and ships necessary for transporting local goods. The economy of the region that depended on the Red River became depressed.

Senator JOHNSTON has worked successfully for the last 22 years helping local communities and organizations obtain the funding necessary to create a modern waterway. As a result of this success, old and new businesses are moving back into the area, job opportunities are sprouting up again, and the hope that accompanied a new economic direction is taking root in the region.

In fact, the Army Corps of Engineers estimates that \$107 million in benefits will be generated annually and approximately 56,000 new jobs will be created in 40 years. Other benefits include cleaner water, improved and increased recreational use, the possibility of hydroelectric power in the future, and potential for greater agricultural utilization of the river.



Local organizations and residents recognize the positive growth resulting from this project as well as the substantial role Senator JOHNSTON played in making this growth a reality. In fact, it was local citizens who requested this naming legislation.

The many people who have worked with Senator JOHNSTON over the years know he was the key to this project's success and want to honor him for all that he has done to make the waterway a reality.

Each time we navigate the river, each time we use it to recreate and each time we realize economic benefits from the river, we will forever be mindful of the man whose unyielding leadership and dedication made it all possible, my colleague, my friend, and my senior Senator, the Honorable J. BENNETT JOHNSTON.

By Mr. HELMS (for himself and Mr. FAIRCLOTH):

S. 1413. A bill to amend the Federal Water Pollution Control Act to require that an application to the Federal Energy Regulatory Commission for a license, license amendment, or permit for an activity that will result in a withdrawal by a State or political subdivision of a State of water from a lake that is situated in two States shall not be granted unless the Governor of the State in which more than 50 percent of the lake, reservoir, or other body of water is situated certifies that the withdrawal will not have an adverse effect on the environment in or economy of that State, and for other purposes; and the Committee on Environment and Public Works.

#### THE LAKE GASTON PROTECTION ACT OF 1995

Mr. HELMS. Mr. President, today Senator FAIRCLOTH and I are introducing the Lake Gaston Protection Act of 1995. The States of North Carolina and Virginia have been locked in a dispute for a decade as to whether the city of Virginia Beach should be able to withdraw water from Lake Gaston, which straddles both States.

Our bill stops the withdrawal of water from the lake until Federal officials listen to the concerns of countless thousands of citizens of both North Carolina and Virginia.

The Federal Energy Regulatory Commission [FERC] approved a permit allowing the daily withdrawal of 60 million gallons from Lake Gaston—but the FERC officials did not look closely enough at the potential negative environmental effects of withdrawing 60 million gallons a day from the lake. In short, they failed to consider either the environmental problems or the adverse impact on striped bass and other fish species. A sharply reduced quantity of water flowing through the lower Roanoke River basin may very well be harmful to the estuaries of the Albemarle Sound in the spawning of many fish species.

And, Mr. President besides the environmental impact, the withdrawal could very well pose dire consequences to the commercial and recreational fishing industry that depends so heavily on an adequate exchange of fresh water and salt water in the estuary.

The Federal Energy Regulatory Commission should have obtained certification from the State of North Carolina that there would be no degradation of water quality or the environment. Instead, FERC ran roughshod over the concerns of North Carolina.

Mr. President, Senator FAIRCLOTH's and my bill would require FERC to obtain certification from North Carolina that this project will have no, and I emphasize, no adverse impact on the environment or the local economy.

Mr. President, for the record, I believe a brief history of this dispute may be helpful.

Virginia Electric Power Co., on behalf of Virginia Beach, applied to the FERC for permission to construct a water intake on Pea Hill Cove of Lake Gaston and a 76-mile pipeline to withdraw up to 60 million gallons per day.

Both the City of Virginia Beach and the State of North Carolina have marched back and forth in the Federal courts over this issue. North Carolina raised many concerns of water quality and the adverse effects on the downstream ecosystems. North Carolina officials assert that FERC did a far too hasty job on its environmental analysis. FERC allowed only 2 months for the review of the reams of environmental data.

Furthermore North Carolina asserts that FERC staff failed to conduct studies requested by several Federal agencies, including the EPA, U.S. Fish and Wildlife Service, National Marine Fisheries, and independent biologists.

After much litigation, a Federal mediator was appointed by the Federal courts within the past 18 months, to look into the possibility of bringing the State of North Carolina and the city of Virginia Beach to an agreement on the issue.

A final settlement agreement was reached on June 26, and was supported by both Virginia Senators. I have a copy of a letter signed by both Senators to the Governors of North Carolina and Virginia in support of the agreement. I ask unanimous consent that the text of this letter be placed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HELMS. Mr. President, the settlement was subject to ratification of an Interstate compact by both State legislatures and approval by the Congress. According to the officials in North Carolina, this agreement protects the interests of the three North Carolina counties that surround the lake. As of now, neither State has ratified the compact.

The communities that surround the lake in Northampton, Warren, and Halifax Counties in North Carolina are greatly dependent on it to support their economies. According to a November 2, 1993, article in the Lake Gaston Gazette, property owners around the lake paid over \$253 million in 1993 real estate and personal property taxes. Also it is estimated that there has been \$125 million in new home construction each year.

Mr. President, North Carolina and Virginia have a history of cooperation on matters affecting both States. For example the joint North Carolina and Virginia efforts to stem Lake Gaston's having been infested by hydrilla, an aquatic weed similar to kudzu. These five counties and both State governments have worked together to bring this nuisance weed under control.

If Virginia and the city of Virginia Beach object to this legislation, there is a way out; this proposed law will not apply if and when the June 26 settlement is resurrected and there is an interstate compact. So each State can urge its Governor and legislature to ratify the agreement and the compact. This will give everyone a chance to take a second look at North Carolina's environmental concerns.

This legislation is narrowly drawn to apply only to this particular situation and would not adversely affect our western friends.

We realize how sensitive our western friends are on the issue of water rights. Senator FAIRCLOTH's and my staffs have consulted with numerous experts in western U.S. water rights and have been assured that this legislation exempts western water projects.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1413

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Lake Gaston Protection Act of 1995".

#### SEC. 2. WITHDRAWALS OF WATER FROM LAKES SITUATED IN 2 STATES.

(a) IN GENERAL.—Section 401(a)(2) of the Federal Water Pollution Control Act (33 U.S.C. 1341(a)(2)) is amended—

(1) by striking "(2) Upon receipt" and inserting the following:

"(2) ACTION BY THE ADMINISTRATOR.—

"(A) IN GENERAL.—On Receipt"; and

(2) by adding at the end the following:

"(B) LAKES SITUATED IN 2 STATES.—

"(i) CERTIFICATION OF NO ADVERSE EFFECT.—Except as provided in clause (ii), in the case of an application to the Federal Energy Regulatory Commission for a license, license amendment, or permit for an activity that will result directly or indirectly in the withdrawal by a State or political subdivision of a State of water from a lake, reservoir, or similar body of water that is situated in 2 (and not more than 2) States, the

Commission shall not grant the license, license amendment, or permit unless the Governor of the State in which more than 50 percent of the lake, reservoir, or other body of water is situated certifies that the withdrawal will not adversely affect the environment in or the economy of that State.

"(ii) EXCEPTION.—Clause (i) does not apply to an application for a license, license amendment, or permit for an activity that will occur with or affect waters located within a river basin that is subject to an interstate compact, decree of the Supreme Court, or Act of Congress that specifically allocates the rights to use the water that is the subject of the application."

"(b) RETROACTIVE EFFECT.—The amendment made by subsection (a) shall apply to any application made on or after January 1, 1991, unless the application has been granted and is no longer subject to judicial review."

#### EXHIBIT 1

U.S. SENATE,

Washington, DC, July 5, 1995.

Hon. GEORGE F. ALLEN,  
Governor, Commonwealth of Virginia, State  
Capitol, Richmond, VA.

Hon. JAMES B. HUNT, JR.,  
Governor, State of North Carolina, State Cap-  
itol, Raleigh, NC.

DEAR GOVERNORS: The City of Virginia Beach has advised us that it hopes to finalize a settlement with the State of North Carolina regarding the Lake Gaston pipeline project within the next few days.

It is our understanding that one feature of the settlement contemplates that you will seek to have introduced and passed in your respective General Assemblies an Interstate Compact that will place limits on out of basin transfers of water from the Roanoke River Basin in Virginia and North Carolina.

We wish to assure you that we believe a settlement of the issues will facilitate the construction of the Lake Gaston project which we fully support. We also pledge our support to the proposed Interstate Compact should it be passed by the General Assemblies of Virginia and North Carolina and if the settlement becomes effective and is not terminated by the parties after action by the Federal Energy Regulatory Commission (FERC) on VEPCO's application.

Following enactment by both state legislatures, it is our intention to promptly introduce the Compact in the United States Senate and take every appropriate action to obtain the expeditious consent of the Congress to the Compact.

With kind regards,

Sincerely,

CHARLES ROBB.  
JOHN WARNER.

Mr. FAIRCLOTH. Mr. President, I am pleased to join with Senator HELMS today in introducing a bill to help resolve a long-standing dispute between Virginia and North Carolina over Lake Gaston, a lake spanning the border between our two States. The dispute concerns Virginia's plans to construct a water pipeline from Lake Gaston to Virginia Beach for that city's municipal use—60 million gallons a day.

I am disappointed that this disagreement has come to the point where we must introduce legislation. Last spring the two States came very close to resolving the issue and actually had a settlement ready, signed, and waiting for ratification by the States and the

Congress. Unfortunately, logistical problems prevented the settlement from being closed by the Virginia State legislature before their adjournment. Soon after they adjourned, however, the Federal Energy Regulatory Commission approved a permit allowing for the project to proceed. Of course, with approval in hand, Virginia was refused to return to the negotiating table. They simply have a permit. As it now stands, the citizens of North Carolina and the residents of Lake Gaston have lost the water without any agreement whatsoever between the States on how much water can be withdrawn from the lake, and other critical factors.

Mr. President, it is wrong for the Federal Government to allow this pipeline to take millions of gallons of water from Lake Gaston and North Carolina without North Carolina's approval and agreement. It is only fair that a project with this kind of impact should proceed only after an agreement has been reached between the two States—especially when an agreement is very nearly at hand—until the Federal Government went ahead and issued the permit.

Reasonable restrictions should be in place and agreed to by both States, such as the amount of water that can be withdrawn each day. The impact of withdrawing millions of gallons of water from the Roanoke River Basin is, frankly, unknown and in dispute.

I am particularly concerned about the impact the new pipeline will have on the economy of North Carolina. Many industries and towns depend on water from the Roanoke River. The property owners around the lake paid nearly \$250 million in property taxes this year alone. What happens, Mr. President, when all this water is diverted to Virginia Beach? Even if the effect right now may not be severe, it could hamper growth in the future. You simply will lower the lake level to a degree where it will be unattractive. No one can tell with any certainty what the effect will be on the local economy, but predictions from homeowners and others are that they will be severe.

The environmental effects are equally unknown. Every day people are turned down for wetland permits by the Federal Government because of relatively minor environmental impacts. But here, with lake Gaston, where we are talking about an enormous and unprecedented impact on water flow and quality—and the agencies let the permit sail on through. The environmental impact study—which sometimes drag on for years—took only 3 months to sail it through.

Mr. President, the bottom line is there are simply too many questions to allow this project to proceed over the objections of North Carolina. Too much is on the line here. An agreement is just around the corner if we give it a chance and give it time.

Senator HELMS and I are representing North Carolina as a whole, the State legislature, the State house, the State Senate, and the Governor. In North Carolina we are totally unified as to what should be done—and that is not build a pipeline until an agreement is reached. An agreement is at hand, and around the corner. With some help here today it can be reached.

We look forward to working with the Senators from Virginia to conclude it, and to bring it to a proper conclusion.

By Mrs. HUTCHISON (for herself, Mr. SIMPSON, Mr. HELMS, Mr. MCCONNELL, and Mr. GRAMM):

S. 1414. A bill to ensure that payments during fiscal year 1996 of compensation for veterans with service-connected disabilities, of dependency, and indemnity compensation for survivors of such veterans, and of other veterans benefits are made regardless of Government financial shortfalls: to the Committee on Veterans' Affairs.

#### VETERANS' LEGISLATION

Mrs. HUTCHISON. Madam President, Senator SIMPSON and I are introducing legislation today to make sure the veterans of this country do not worry about their pension payments being made, in case the Government continues to be shut down, by November 21 or November 22. Madam President, of course we hope this will not happen. We hope the President will agree to a balanced budget, and that we can do our responsibility to the people of this country and pass the first year of the 7-year march to a balanced budget.

But the administration has chosen to tell veterans that they will not be paid; that they are not a priority payment. We are introducing this legislation to force the administration to pay veterans benefits, just as the administration would pay any other mandatory benefits that people have earned. Our veterans have earned their benefits. It is a mandatory payment. This legislation should not be necessary but for the position the administration has taken.

I am pleased to introduce this bill with Senator SIMPSON and I yield the time I have left to Senator SIMPSON to talk about the importance of making sure that veterans are not going to have to worry, that their pension checks will be in the mail December 1.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. SIMPSON. Madam President, I am proud to be a cosponsor of this measure. I think Senator HUTCHISON has well described what we are trying to do. It seems extraordinary to me we would even be in this position. The President could have had every opportunity to extricate himself from the position. I think the reason it has come to pass is a very simple one, and that is the Secretary of Veterans Affairs, a Cabinet post, Secretary Jesse Brown, is acting and continues to act in an exceedingly and purely partisan mode.



On November 3, I rose in this Chamber to speak to an issue of particular concern to me. At that time I spoke of what I feel to be the wholly inappropriate use by the Secretary of Veterans Affairs of Government computers and the VA employee pay stubs to convey a blatantly partisan political message to his 240,000 employees.

The consistent message Secretary Brown has been conveying has been one of doom and destruction. Were one to listen to the Secretary, one would believe that the whole system of veterans' benefits was in grave jeopardy—a system put in place by a grateful Nation for those who fought and sacrificed that she may remain free. Indeed, in his morning message to employees that greeted them when they booted up their computers on the morning of November 9, he said no less.

That is just plain wrong. For it is simply not true. The budget proposed by this Congress—these evil Republicans—provides for a growth, that is, increase, of nearly \$4 billion over the 7-year time period during which we seek a budget balance. That hardly smacks of the elimination of veterans' benefits as we know them. And during this time in which the budget for veterans will rise more than 10 percent, the number of veterans will be steadily falling from the 26.1 million currently living to approximately 23 million. Resources continue to increase. The number of beneficiaries continues to decline. How anyone can refer to that as the same draconian cut Secretary Brown keeps mentioning truly amazes and eludes me.

I want to say I have served as chairman of the Veterans' Affairs Committee and have been a member of it for some 17 years, since 1979. Since that time I have seen many good, able men at the helm of the Veterans Administration, now the Department of Veterans Affairs.

When I arrived, Max Cleland, that very spirited, brave young man, who had lost three of his limbs in combat in Vietnam, was the Administrator under a Democrat President. Following him, under the Reagan administration, Bob Nimmo, a committed decorated bomber pilot of World War II, served in that position. Then West Pointer and "Lonesome End," Harry Walters was in that position. Then steady and reliable Gen. Tom Turnage. With the elevation of the VA to Cabinet status my old friend the affable and effective Ed Derwinski took the helm, and following Ed, the exceedingly bright and conscientious former staff director, Tony Principi.

Never, during all of those years, and they include both Democratic and Republican Administrators, have I ever seen the role of Administrator of Veterans Affairs or Secretary be used—and being used is the word I want to use here—for such blatant partisan political purposes, and being used in a way I

would consider to be wholly embarrassing and demeaning.

In my remarks on November 3, I stated that the budget approved by the Congress was substantially more advantageous to veterans than the President's own. In an interview with Ruth Larson of the Washington Times published on November 8, Secretary Brown himself acknowledged as much saying: "He's (meaning me) absolutely right." Then he goes on, with an apparently straight face: "No problem. The President said I can come back and ask for more next year."

I ask unanimous consent to have a copy of that article printed in the RECORD, if I may.

THE PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SIMPSON. Madam President, that is the way the budget process works. Each year, every single agency head submits his or her own budget request for that particular year.

The budget process starts in the fall of the year. The agencies submit their budget requests to the Office of Management and Budget. After some considerable back and forth, the budget of the administration comes to us. When the Secretary says that he'll have a chance to ask for more next year—or that the President promises to treat this veteran constituency fairly in the future, I am tempted to say: "So what. No big deal." Those are the very same rules by which every agency operates. And indeed, I would imagine that the President has committed to each of his Cabinet officers the very same thing saying: "Present your best budget to me, and I'll package that for presentation to the Hill." One notes in this form of articulation that there are no promises made.

And really there can't be. The budget environment in which we are operating, to balance the budget as I personally would hope we do by the year 2002, or the budget proposed by the administration which would, under assumptions that are at the very best questionable, balance the budget over a 10-year period. Either way, there are limits on spending programs, and those limits will, of necessity, affect every single agency of this Government.

Indeed, Secretary Brown's criticism of the Congress assumes a straight line freeze of the VA medical care budget. While, in fact, both the Senate and House have approved significant increases.

Secretary Brown tells us the President will think about an increase next year. Well, I remind him again. The Congress has delivered one this year.

The true fact is, no country on this Earth has been more generous with its veterans than has ours. The very fact that the budget of the VA goes up some \$4 billion over the next 7 years, while the population of veterans will decline

by 3 million, seems to be a pretty powerful indication of our continuing commitment to veterans. In this climate, other agencies are suffering actual cuts. Many of those agencies have worthy constituencies as well. But the budget of the Department of Veterans Affairs is not being cut. It continues to grow, and indeed grow at a generous rate as it has each and every year since my arrival here in the Senate in 1979. It was \$20 billion then. It is almost \$40 billion now. Not a cut in a carload.

Madam President, would that the Secretary could simply acknowledge that basic fact and then work with us to assure that the funds appropriated for the worthy purposes pursued by his Department were best utilized. Unfortunately, he has taken the President's tack on this. He is churning out the political message of the day as it is set forth by the White House in anticipation of the tough 1996 election year. And he is doing it in various ways that I consider to be wholly inappropriate.

It has recently come to my attention that part of this political caper is done through the use of dedicated career civil service employees of the Department who are directed by the Secretary's political underlings and henchmen to craft his message. Does one really believe that those messages flickering on the VA computer screen every morning are the work of the Secretary himself? I do not think so. They are cranked in his Office of Public Affairs, as are the drafts of the myriad political stump speeches he and his underlings deliver around the country. I'm learning fast on that too—by having my fellow veteran friends out there listening to those speeches. Those are often outrageous.

One VA employee has raised a concern with me regarding the fact that he has been asked to further the White House political message line—although it has nothing whatsoever to do with veterans. Instructions to just send the political appointees out in the land—at Government expense—with a canned speech in tow that could have been written by the White House itself. And do always attack the Republican Congress and any budget it proposes. Do whatever you will—as long as it is consistent with the White House media message of the week.

I too am a taxpayer, and I am offended. Indeed, this Nation's veterans are taxpayers as well, and they should be similarly offended that their tax dollars are being used in this way.

I have nothing whatsoever against a Secretary extolling the splendid virtues of America's veterans, exhorting his fine professional staff to ever higher levels of service to those who fought for this country, or generally informing both segments of society of information they need to effectively participate in this political process. What grievously appalls me is the blatant

partisanship here exhibited. Doesn't seem to bother Jesse though.

Mr. President, Secretary Brown has referred to my criticism of him and of his message as outrageous.

Jim Holley, his media spin-master spokesman, has called it ironic as it would appear to be a criticism of the Secretary based on his advocacy for veterans. Mr. Holley, surely misses the entire point. There is a difference between advocating for our veterans, and pouring out rank political partisanship. What we see here is the latter.

Mr. President, I have no intention of holding back in my criticism of the Secretary on this matter. As I have said before, I believe what he is doing is plain wrong. I do not condone that, nor should veterans.

It is unacceptable for political agencies to lobby. We have statutes that prohibit that. It is equally inappropriate for an agency such as this to encourage its employees and its constituency, albeit by implication, to do that which they cannot legally do directly. And I shall keep expressing that message loud and clear.

**THE PRESIDING OFFICER.** The time of the Senator has expired.

Mr. SIMPSON. Madam President, I will continue to observe this process very clearly and express my objections at every possible occasion.

#### EXHIBIT 1

[From the Washington Times, Nov. 8, 1995]

VA CHIEF TERMS "OUTRAGEOUS" GOP  
"CHEAP POLITICS" CHARGE

(By Ruth Larson)

Veterans Affairs Secretary Jesse Brown said he will continue telling his employees about the effect of congressional budget proposals, despite congressional Republicans' objections that he was engaging in "cheap politics."

"It's outrageous to suggest that the VA shouldn't tell its 240,000 employees that as many as 61,000 jobs are at risk, or that 41 veterans hospitals may close," Mr. Brown said in a telephone interview yesterday.

Sen. Alan K. Simpson, Wyoming Republican and chairman of the Senate Veterans' Affairs Committee, on Friday blasted Mr. Brown's use of VA computers and employee pay stubs to criticize congressional budget proposals and warn of massive layoffs at the department. He accused Mr. Brown of using government resources to send out partisan misinformation.

Mr. Brown countered: "I hope someone tells me that it's not going to happen—that they're not going to lock in our funding at 1995 levels for the next seven years. If somebody would tell me that, I'd apologize—sure, I would," Mr. Brown said.

Asked about Mr. Simpson's assertions that veterans would suffer more under the Clinton administration's proposed budget than under congressional plans, Mr. Brown said, "He's absolutely right."

But he was quick to explain that statement. He said that during the budget process, he'd gone to Mr. Clinton three times to tell him that the administration's government-wide cutbacks "would have the same effect as what the Republicans are proposing."

Mr. Clinton assured him that he would be able to negotiate the budget every year. "I'll

be sure the veterans are treated fairly," he quoted Mr. Clinton as saying.

"We aren't getting the same commitment from Congress. There is no flexibility," Mr. Brown said.

Rep. Bob Stump, Arizona Republican and chairman of the House Veterans' Affairs Committee, criticized Mr. Brown for "intentionally misrepresenting and needlessly scaring vulnerable veterans" about Republican budget proposals.

He said in a statement: "The real hypocrisy lies with the Clinton 10-year budget plan which takes nearly three times as much from veterans' programs without balancing the budget."

The Washington Times reported yesterday that some VA field employees had complained that Mr. Brown's messages represented "political propaganda."

Mr. Brown said he had sent out hundreds of daily messages on a variety of subjects to his 240,000 employees. "Out of those hundreds of messages, [Mr. Simpson] chose three."

Mr. Brown said he routinely runs the messages by his general counsel "to make sure they don't violate any laws or ethics requirements, and they've all passed," he said. "We wouldn't do it if it weren't legal."

Administration officials often defend the legality of their actions by saying they stop short of urging employees to contact members of Congress. For example, in one of his messages, Mr. Brown cautioned, "I am not calling on you to act."

"No, not much," Mr. Simpson chided him on Friday. "It does not take a rocket scientist to figure out that many employees might take that as a pretty good hint to take some action."

**THE PRESIDING OFFICER.** The Senator from Kentucky.

Mr. MCCONNELL. Madam President, I understand the Senator from Texas simply wants to add some cosponsors to her bill.

**THE PRESIDING OFFICER.** The Senator from Texas.

Mrs. HUTCHISON. I ask unanimous consent to add Senators HELMS and MCCONNELL as original cosponsors.

**THE PRESIDING OFFICER.** Without objection, it is so ordered.

#### By Mr. D'AMATO:

S. 1415. A bill entitled "Thrift Charter Conversion Act of 1995"; to the Committee on Banking, Housing, and Urban Affairs.

#### THE THRIFT CHARTER CONVERSION ACT

• Mr. D'AMATO. Mr. President, I am introducing today the Thrift Charter Conversion Act. I am introducing the bill exactly as it was reported out by the Subcommittee on Financial Services and Consumer Credit of the House Committee on Banking and Financial Services. I am doing this in the spirit of cooperation exhibited during the House and Senate collaboration during the reconciliation process, particularly in recapitalizing the Savings Association Insurance Fund—an action which will increase public confidence in our Federal deposit insurance system and avoid any further costs to the taxpayers.

This bill would eliminate the specialized Federal thrift charter, merge the

Federal thrift industry into the banking industry, and consolidate the federal thrift and bank regulatory agencies. It would create a safer and sounder and more rational framework for depository institutions. While I do not endorse all of the provisions of the House bill, I am committed to its basic goal of merging the thrift and bank charters. The Senate Banking Committee will commence its consideration of this bill immediately, and I am committed to completing this legislative task as quickly as possible consistent with the other obligations of the Banking Committee.

Mr. President, I am committed to the goal of minimizing—and eliminating to the extent possible—the risks to the taxpayer that will inevitably result from the continued existence of the thrift industry. Earlier this year, I took the first step toward this goal by introducing legislation to merge the separate federal deposit insurance funds for banks and thrifts. The introduction of the Thrift Charter Conversion Act is an important final step toward that goal.

I want to commend my colleagues in the House for their leadership on this essential next step of merging the thrift and bank charters. The House and Senate Banking Committees considered including charter merger provisions in the budget reconciliation legislation, but Senate procedural rules prohibited us from including such provisions. The House reconciliation bill contained the text of the measure that I am introducing today. I want to commend Representative MARGE ROUKEMA, chairman of the Subcommittee on Financial Institutions and Consumer Credit, and full committee Chairman LEACH for their work on this bill.

Mr. President, our Nation's thrift industry has helped Americans finance their homes for over 160 years—with remarkable success. As we have witnessed during the past two decades, however, it has also experienced serious financial difficulties. These difficulties eventually led to the industry's collapse during the 1980's—a collapse that has cost the American taxpayers more than \$150 billion.

Despite the massive bailout and the numerous laws enacted to stabilize the thrift industry, serious problems continue to plague our Nation's thrift industry. Congress cannot ignore these problems. Congress must act now before our Nation's taxpayers are asked to pay for another bailout of the thrift industry.

I am pleased that under the leadership of the House and Senate Banking Committees, Congress is already taking action to protect the American taxpayer and to avoid another thrift industry crisis. Last week, the House and Senate Banking Committees agreed to a proposal to recapitalize the ailing Federal deposit insurance fund for



thrifts—called the Savings Association Insurance Fund [SAIF]. The SAIF is now so undercapitalized that the failure of one large thrift could bankrupt it. The proposal agreed to last week will recapitalize the fund-using industry—not taxpayer—money. Because the proposal saves the American taxpayers some \$900 million, it has been included in Congress' budget 'reconciliation package—a package designed to eliminate the budget deficit in 7 years.

Mr. President, despite the recapitalization of SAIF, the thrift industry continues to pose serious and chronic safety and soundness risks to our Nation's Federal deposit insurance system. In an October 31, 1995 letter to me, Ricki Helfer, Chairman of the FDIC, explained why thrifts pose a greater safety and soundness risk of the Federal deposit insurance system than do banks, even with a recapitalized insurance fund:

Relative to the Bank Insurance Fund [BIF], the SAIF faces risks related to the size of its membership, geographic and product concentrations, and inherent structural problems in the industry. The SAIF has fewer members than the BIF and faces greater risks with the failure of any one member. The SAIF also has a geographic concentration on the West coast. The eight largest SAIF-insured thrifts operate predominantly in California, and they hold 18.5 percent of SAIF-insured deposits. By contrast, the eight largest holders of BIF-insured deposits are located in five different states and hold 10 percent of BIF-insured deposits. SAIF members' assets are concentrated in residential real estate . . . to realize certain tax benefits. While traditional residential real estate lending can be managed in such a way as to present relatively little credit risk, substantial concentrations in the area make SAIF members susceptible to interest-rate fluctuations.

In an August 29, 1995, report, entitled "The Thrift Charter: Should It Be Eliminated?" the Congressional Research Service also noted that their specialization in housing finance makes thrifts more vulnerable than banks to an economic downturn:

Support for a more flexible [thrift] charter stems from interest in protecting the Federal deposit insurance system. . . . Lending and deposit options for thrifts have been broadened over the past several years, nonetheless, thrifts' deposit and lending base is still less diversified than banks because of their specialization in housing finance. There is concern that this lack of diversification could cause institutional weaknesses in an unfavorable economic climate.

Thus, an important goal of charter merger legislation is to decrease the significant safety and soundness risks posed by thrifts to the Federal deposit insurance system.

In addition, fundamental changes in the marketplace have called into question the need for a specialized thrift industry. The role played by thrifts in the housing finance market has declined significantly. Testifying before the House Subcommittee on Financial Institutions and Consumer Credit on

August 2, 1995, Alan Greenspan, chairman of the Federal Reserve Board, summarized this development as follows:

So far this decade, savings and loans and savings banks have originated 25 percent of residential mortgages—as compared to 50 percent over the previous 20 years—and hold, on average, only 28 percent of outstanding residential mortgage debt, compared to two-thirds during the earlier period. Currently only 2 thrifts are among the top 15 mortgage services and none are among the top 10 originators. Over the last decade, when thrifts' participation in the residential mortgage market receded, the aggregate supply of housing finance was unimpaired and mortgage rates apparently unaffected.

The decreased dependence on a specialized thrift industry to originate and fund mortgages is primarily due to the development of mortgage-backed securities and a secondary mortgage market.

Mr. President, while the role of thrifts in housing finance is receding, thrifts do continue to provide niche financing that is important to the housing market, including adjustable rate mortgages and mortgages that do not conform to secondary market underwriting criteria. Thrifts could still specialize in this type of financing under current charter merger proposals, however. In this regard, I believe that, as a business matter, many institutions will want to focus on housing finance, despite any charter changes mandated by Congress.

To summarize, the continued safety and soundness risks posed by the thrift industry and the receding role of the thrift industry have resulted in proposals to eliminate the thrift charter. Federal banking and thrift regulators have expressed support for these proposals. At a September 21, 1995, hearing held by the House Subcommittee on Financial Institutions and Consumer Credit, Federal Reserve Chairman Greenspan noted:

Two conclusions are clear. First, the nexus between thrifts and housing largely has been broken without any evident detriment to housing finance availability. Second, a public policy that induces—let alone requires—thrifts to specialize in mortgage finance threatens the continued viability of many of these entities—particularly those without wide and deep deposit franchises, tight cost controls, and the ability, when necessary, effectively to originate and sell standard mortgages that cannot profitably be held long-term. A broader charter for thrifts—such as a commercial bank charter that lets them hold a wider range of assets—thus would seem to be good public policy. . . .

At that same hearing, FDIC Chairman Helfer also expressed support for the elimination of the current thrift charter:

The FDIC is not opposed to eliminating the distinctions between bank and thrift charters—far from it. The FDIC believes that the current charter distinctions no longer match economic reality. Moreover, forcibly concentrating a class of institutions—thrifts in this instance—into a limited range of activi-

ties with low profit margins is a prescription for trouble, as the savings and loan crisis of the 1980's and early 1990's amply demonstrated.

These statements from our Nation's top bank and thrift regulators cannot be ignored by Congress.

Mr. President, industry representatives have also recognized the inherent problems of the thrift charter and expressed support for eliminating or reforming their current charter. In a September 12, 1995, Wall Street Journal article, entitled "Time to Kill the Thrifts for Good," a leading thrift industry executive stated:

The thrift industry charter is inherently flawed, and the resulting vulnerability of the industry has been demonstrated repeatedly over the past 25 years. . . . These numbers are trying to tell us something—namely the thrift charter is obsolete. Today, a separate thrift industry cannot be justified either by standards of the market or public policy. . . . In formulating public policy, we should not seek to maintain an industry charter that impairs the viability of its institutions, strains the banking system and threatens the American taxpayer. We need to integrate thrifts into the banking industry.

It is difficult to imagine a stronger statement in favor of eliminating the thrift charter, and the statement is even more forceful coming from a thrift industry executive. In a September 20, 1995, letter to me, America's Community Bankers, the national trade association for thrifts, also noted that it "is fully prepared to work . . . toward—thrift—charter reform and modernization."

Finally, one of the strongest statements in support of eliminating the thrift charter has come from the editorial board of a leading national newspaper. In a September 20, 1995 editorial, the Washington Post stated that "S&Ls have lost their special purpose—all kinds of institutions now make mortgage loans—and in some respects have become a danger." The editorial concluded: "S&Ls were work horses in their day. The day is gone, and so—as a separate kind of entity—should they be."

Mr. President, the bill I am introducing today would eliminate the specialized Federal thrift charter, and would force all federally chartered thrifts to convert to banks. It also would require that all State-chartered thrifts be regulated like State-chartered banks. It would also allow some converted institutions and qualified thrift holding companies to engage in certain activities not permitted for banks. These grandfathered activities would be permitted only under strict constraints. Finally, it would create a new Federal charter, called a national mutual bank.

This bill also would rationalize the Federal regulation of banks and thrifts. It would merge the Federal banking and thrift regulators, saving taxpayer money, and reducing bureaucratic redtape. There is a broad consensus in favor of this initiative. As Under Secretary of the Treasury for Domestic Finance John Hawke stated, in an October 27, 1995, letter to House Banking

Chairman LEACH, there is "broad agreement on the logic of merging the Federal regulation of banks and thrifts."

Mr. President, resolving the thrift industry's remaining problems will not be an easy task. This is not a project that can be completed overnight. There are numerous, complex legal and public policy issues that must be addressed in a careful, thoughtful way. Congress will need to collaborate with industry representatives, Federal thrift and bank regulators, and the administration. Decisions made today on these issues will have lasting consequences on the shape of our Nation's financial services industry well into the next millennium.

I ask unanimous consent that a brief description of the complex legal and public policy issues that must be addressed as we move forward with consideration of this bill be printed in the RECORD. Some of these issues are addressed by the House bill. Others are not.

Mr. President, every process needs a beginning. I believe this bill is an appropriate place for the Senate to start its consideration. I look forward to working with my Senate and House colleagues to address the very important issues raised by this bill. Working together, I believe we can create a safer and sounder and more rational framework for depository institutions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

#### ISSUES RAISED BY THE THRIFT CHARTER CONVERSION ACT

**Transition Period:** The House bill may not provide an adequate transition period. The bill requires federal savings associations to convert to banks or liquidate in two years. In other cases where entire classes of financial institutions have been subject to major statutory change, a longer transition period was provided. For example, when one-bank holding companies became subject to Federal Reserve Regulation by the Bank Holding Company Act Amendments of 1970, a transition period of 10 years accompanied such change to allow for proper corporate planning.

**Continued Existence of State Thrifts:** The House bill eliminates federal thrifts, but not state thrifts. If the reasoning of the House bill is that the thrift charter is inherently risky, it is unclear why federal deposit insurance should continue to be made available to state thrifts. Many, perhaps even most, federal thrifts may elect to become state thrifts under the House legislation, thereby frustrating whatever purpose underlies the House bill.

**Grandfather Period for Savings Institutions Powers:** Under the House bill, thrifts that become banks would have two years in which to terminate any activities or investments not permissible for banks. Regulators could grant two one-year extensions of that deadline, on a case-by-case basis. This two-year period may be too short and may create needless uncertainty for institutions. The case-by-case extension procedure could create needless administrative costs for institutions and their regulators.

**Branching:** All thrift branches established after September 13, 1995, would be subject to federal and state laws applicable to banks under the House bill. Tying grandfathering to this date could unnecessarily disrupt the operations of thrifts pending enactment of legislation. Moreover, the public policy rationale underlying the House provision prohibiting former thrifts from branching within a state in which the thrift had already established a branch should be carefully reviewed. Limiting branching by an institution in a state where it already has a presence could harm institutions heavily invested in existing branch networks.

**New Rules for Thrift Holding Companies:** The House bill completely changes the rules that apply to companies that own savings institutions. But there has been no evidence that the current thrift holding company framework has been a source of strength to their thrift subsidiaries. Obviously, the public policy rationale and consequences of these changes must be carefully reviewed.

**Grandfather for Thrift Holding Companies:** the House bill's requirements for maintaining grandfathered holding company status may be too rigid and need adjustment. Even a minor infraction of an investment limitation could trigger forfeiture of grandfather rights. These provisions must be carefully reviewed.

**Regulation by Federal Reserve:** The financial impact and uncertainty of regulation of grandfathered thrift holding companies by the Federal Reserve has not been thoroughly analyzed and considered.

**Elimination of Commonly Used Indices:** Certain indices commonly used for adjustable rate mortgages (e.g., cost of funds indices (COFI)) likely will be lost under the House bill. While the bill recognizes the need to address this loss, the uncertainty surrounding their replacement could have a significant impact on the mortgage market and COFI-based mortgage related securities.

**Federal Home Loan Bank Membership:** The House bill would permanently prohibit federal savings associations from withdrawing voluntarily from the Federal Home Loan Bank System. It is unclear why national banks that once were thrifts should be singled out for mandatory membership.

**Prohibition on New Federal Savings Association Charters:** The House bill would prohibit the OTS from issuing any new federal thrift charters. A prohibition against issuing new thrift charters between the date of enactment and the date on which the federal thrift charter expires may not allow for exceptions needed to facilitate conversions and mergers (including resolution of troubled thrifts) that will not result in the creation of a new federal thrift.

**Loans-to-One Borrower ("LTOb") Rules:** The House bill would grandfather for 3 years after the date of enactment any loans or legally binding commitments made by a thrift that converts to a national bank on or before January 1, 1998. Thus, thrifts with significant investments in housing loans authorized pursuant to the special real estate exception available to thrifts under the LTOb rule would be forced to liquidate existing loans made under this exception. It is unclear what purpose is served by requiring liquidation of loans that were lawful when made. It is also unclear what impact revocation of the exemption would have on a going forward basis on funding for housing.

**Elimination of the OTS:** The House bill provides for a complicated three-way merger of the Office of Thrift Supervision (OTS) into the other federal banking agencies. The bill

omits the "standard" FIRREA employee protections. Treasury, OTS, and the Office of the Comptroller of the Currency have discussed agency merger transition provisions, but have yet to produce a comprehensive proposal for disposition of OTS. Adequate transfer rules for OTS employees are essential to ensure the retention of skilled and experienced personnel to supervise institutions during a period of significant economic strain on the thrift industry. They are also necessary for the smooth transition of oversight functions, and the fair treatment of existing OTS personnel. \*

By Mr. HATFIELD (for himself and Mr. MACK):

S. 1416. A bill to establish limitation with respect to the disclosure and use of genetic information, and for other purposes; to the Committee on Labor and Human Resources.

#### THE GENETIC PRIVACY ACT OF 1995

• Mr. HATFIELD. Madam President, recent breakthroughs in science have brought great hopes in the area of genetics. The human genome project is proceeding with the goal of mapping and sequencing every gene in the human body. The potential of identifying disease characteristics through their genetic makeup brings great hope to those suffering from an array of diseases such as Huntington disease, Alzheimer's disease, cystic fibrosis, and breast cancer. Unfortunately, these advances also raise profound ethical, legal, and social questions relating to access to genetic testing, insurability, employability, and confidentiality.

While many doctors are offering genetic testing to patients with a history of a genetic-related disease to identify their own risk, many patients and physicians are not capable of dealing with the consequences of this information. For example, is the patient required to share this information with the health insurance company? How about their employer? Does the physician have an obligation to share this information? There have already been cases of discrimination as a result of an employer learning of an employee's genetic risk. In addition, cases have arisen where health insurance access was denied as a result of a genetic predisposition.

This is problematic because we are only in the first stages of understanding the human genome. Genetic testing has proven effective in some cases but it can be argued that the presence of a gene or certain genetic characteristics will not always result in the onset of the particular illness. The potential for discrimination is great. Although several States, including my own State of Oregon, have begun to address the issue of genetic information and health insurance, there are currently no Federal laws governing the use of genetic information.

The legislation that I am introducing today with my colleague, Senator MACK, is modeled on the Genetic Privacy Act recently passed by the Oregon



Legislature. It also draws on recommendations made by the NIH-sponsored ELSI Working Group and the National Action Plan on Breast Cancer.

The purpose of the Genetic Privacy Act of 1995 is to establish some initial limitations with respect to the disclosure and use of genetic information with the goal of balancing the need to protect the rights of the individual against society's interests. The bill is intended as a first step—to ensure that there are some Federal standards in place in the most critical areas of concern. I see it as a working draft to be refined as the science progresses. The bill would define the rights of individuals whose genetic information is disclosed. In addition, it would protect against discrimination by an insurer or employer based upon an individual's genetic characteristics.

First, the bill prohibits the disclosure of genetic information by anyone without the specific written authorization of the individual. This disclosure provision could apply to health care professionals, health care institutions, laboratories, researchers, employers insurance companies, and law enforcement officials. The written authorization must include a description of the information being disclosed, the name of the individual or entity to whom the disclosure is being made, and the purpose of the disclosure. This provision preserves the individual's ability to control the disclosure of his or her genetic information. There are several exceptions for the purposes of criminal or death investigations, specific orders of Federal or State courts for civil actions, paternity establishment, specific authorization by the individual, genetic information relating to a decedent for the medical diagnosis of blood relatives of the decedent, or identifying bodies.

Second, the legislation prohibits employers from seeking to obtain or use genetic information of an employee or prospective employee in order to discriminate against that person. In March 1995, the U.S. Equal Employment Opportunity Commission [EEOC] released official guidance on the definition of the term "disability". The EEOC's guidance clarifies that protection under the Americans With Disabilities Act extends to individuals who are discriminated against in employment decisions based solely on genetic information. Issuance of the EEOC's guidance is precedent setting—it is the first Federal protection against the unfair use of genetic information. The provision included in the bill is intended to reiterate the ruling of the EEOC and make it clear that this practice would be prohibited under Federal law.

Third, the legislation prohibits health insurers from using genetic information to reject, deny, limit, cancel, refuse to renew, increase rates, or

otherwise affect health insurance. This is in line with changes that are currently under consideration with regard to health insurance and preexisting condition exclusions.

A study of genetic discrimination prepared by Paul R. Billings, M.D. and cited by the NIH-DOE ELSI Working Group in their report entitled "Genetic Information and Health Insurance," indicates that there have been a number of cases of discrimination already as the result of an insurer learning of an individual's genetic predisposition. One woman who was found to carry the gene that causes cystic fibrosis was told she and her children were not insurable unless her husband was determined not to carry the cystic fibrosis gene. She went without health insurance for several months while this was determined. In another case, a man diagnosed with Huntington disease was denied health insurance on the basis that it was a preexisting condition, even though no previous diagnosis of Huntington had been made.

As the prevalence of genetic testing spreads, so does the risks of discrimination. Women found to carry the gene that indicates breast cancer susceptibility, BRCA1, fear they will lose health coverage if their insurer finds out. However, having this information may provide early treatment and prevention options for the woman. The provision relating to health insurance in the bill will provide much needed assurance to individuals with genetic predispositions. This will ensure that they will not risk losing their health coverage when they need it the most.

Finally, the bill requires the recently established National Bioethics Advisory Commission to submit to Congress their recommendations on further protections for the collection, storage, and use of DNA samples and genetic information obtained from those samples, and appropriate standards for the acquisition and retention of genetic information in all settings. This provision is intended to ensure that the social consequences of genome research are considered as the technology develops and not after the fact.

Madam President, as I said previously, this is a first step. This bill addresses the most pressing concerns surrounding genetic testing and the disclosure of genetic information as they relate to health insurer and employer discrimination. I believe this is a good beginning and I hope my colleagues will join me in supporting this important legislation.●

#### ADDITIONAL COSPONSORS

S. 881

At the request of Mr. PRYOR, the names of the Senator from Virginia [Mr. WARNER], the Senator from Mississippi [Mr. COCHRAN], and the Senator from Indiana [Mr. COATS] were added as

cospensors of S. 881, a bill to amend the Internal Revenue Code of 1986 to clarify provisions relating to church pension benefit plans, to modify certain provisions relating to participants in such plans, to reduce the complexity of and to bring workable consistency to the applicable rules, to promote retirement savings and benefits, and for other purposes.

S. 949

At the request of Mr. GRAHAM, the names of the Senator from Georgia [Mr. NUNN], the Senator from Arkansas [Mr. BUMPERS], and the Senator from Kentucky [Mr. McCONNELL] were added as cosponsors of S. 949, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 200th anniversary of the death of George Washington.

S. 1028

At the request of Mrs. KASSEBAUM, the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of S. 1028, a bill to provide increased access to health care benefits, to provide increased portability of health care benefits, to provide increased security of health care benefits, to increase the purchasing power of individuals and small employers, and for other purposes.

S. 1150

At the request of Mr. SANTORUM, the name of the Senator from Illinois [Mr. SIMON] was added as a cosponsor of S. 1150, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the Marshall plan and George Catlett Marshall.

#### ADDITIONAL STATEMENTS

##### THE LIKELIHOOD OF A GATT CHALLENGE TO AN EMBARGO ON IRAN

● Mr. D'AMATO. Mr. President, I rise today to discuss the likelihood of a GATT challenge to an embargo on Iran.

On December 13, 1994, the Congressional Research Service did a Memorandum for Representative Peter DeFazio entitled "The Likelihood of a GATT challenge to the Cuban embargo under the GATT 1994 and the WTO." This document further backs up my assertion that the United States, under Article 21 of the GATT, the United States has the broad authority to impose sanctions against another country for reasons of national security, and by connection we have that right to do so in the case of Iran. Mr. President, so that my colleagues can read this interesting memorandum, I ask that this memo be printed in the RECORD at the conclusion of my remarks.

I would also like to comment on section 8(a) of the Export Administration

Act of 1979, as it relates to S. 1228, the Iran Foreign Oil Sanctions Act of 1995. For purposes of demonstration, I would like to comment on paragraph (1) of this section which reads as follows:

(1) For the purpose of implementing the policies set forth in subparagraph (A) or (B) of paragraph (5) of section 3 of this Act, the President shall issue regulations prohibiting any United States person, with respect to his activities in the interstate or foreign commerce of the United States, from taking or knowingly agreeing to take any of the following actions with intent to comply with, further, or support any boycott fostered or imposed by a foreign country against a country which is friendly to the United States and which is not itself the object of any form of boycott pursuant to United States law or regulation. . . ."

This paragraph is very instructive because it prohibits U.S. companies from dealing with a country that abides by an "unsanctioned" third-party boycott against another country. However, the stipulations of this paragraph are vital to the argument supporting a "sanctioned" third-party embargo against Iran. The intent here is to prevent support for "any boycott fostered or imposed by a foreign country against a country which is friendly to the United States and which is not itself the object of any form of boycott pursuant to United States law or regulation \*\*\*." The phrases "against a country which is friendly to the United States," and "which is not itself the object of any form of boycott pursuant to United States law or regulation" are key to the argument. In the case of Iran, I think everyone would agree that Iran is not friendly to the United States and equally so, it is certainly a matter of fact that Iran is subject to sanctions by the United States.

Therefore, the opponents of this legislation cannot argue against the Iran sanctions legislation because there are provisions in the bill that would require United States companies to avoid doing business with companies that sell oil and gas equipment to Iran. The "anti-boycott provisions in the EAA clearly permit the imposition of "sanctioned boycotts" against countries which are unfriendly to the United States.

The material follows:

CONGRESSIONAL RESEARCH SERVICE,  
THE LIBRARY OF CONGRESS,  
Washington, DC, December 13, 1994.

To: Hon. PETER A. DEFAZIO.

(Attention: Peter Tyler).

From: American Law Division.

Subject: Likelihood of a GATT challenge to the Cuban embargo under the GATT 1994 and the WTO.

This memorandum is in response to your inquiry concerning the possibility of Cuba's bringing a challenge to the U.S. embargo against it before the World Trade Organization (WTO) under the terms of the General Agreement on Tariffs and Trade of 1994, the General Agreement as it emerged from the Uruguay Round.<sup>1</sup> Unless otherwise exempted

by other provisions under the GATT 1994, the Cuban embargo is arguably inconsistent with the obligations to extend most-favored-nation (MFN) treatment under Article I: 1, of the GATT 1994,<sup>2</sup> to extend national treatment under Article II: 4, of the GATT 1994, and to eliminate quantitative restrictions generally under Article XI: 1, of the GATT 1994. The U.S. embargo against Cuba appears to be justifiable under the international law concept of fundamental change in circumstances, i.e., Cuba's change to a communist regime and a non-market economy. The national security exception under Article XXI of GATT 1994 may also exempt the embargo as a national security measure. Also, the United States could request a waiver to permit the embargo, but this may be difficult to obtain. Apparently, there is some concern that the strengthened dispute settlement and enforcement mechanisms under the GATT 1994 may motivate Cuba to bring a challenge to the embargo. You also indicated concern about possible limitations on unilateral quantitative restrictions under the GATT 1994, but it seems these limitations generally involve limitations on quantitative restrictions that have been permissible in the past as a routine matter under textile arrangements, for balance-of-payments reasons, and the like, and not limitations on embargoes that are justifiable under other provisions of the GATT. This memorandum will briefly discuss the history of the embargo and the possible justifications for the embargo under the GATT.

Cuba is an original contracting party to the GATT,<sup>3</sup> yet the United States has had an embargo on Cuba since 1962.<sup>4</sup> Cuba has from time to time protested or commented negatively on the U.S. embargo as GATT illegal,<sup>5</sup> indicating that the United States has never formally justified its actions in the GATT context. These comments or protests either concern the Cuban Democracy Act of 1992 or the support of other countries subjected to sanctions by the United States. It is unclear whether Cuba made a formal complaint about the original embargo in the GATT forum.<sup>6</sup> The United States was apparently motivated by the communist coup and unresolved U.S. compensation claims arising from the expropriation and nationalization of U.S. property holdings in Cuba and also by concerns about human rights abuses and the lack of democracy in Cuba.<sup>7</sup>

#### THE CONCEPT OF FUNDAMENTAL CHANGE IN CIRCUMSTANCES

It appears that justification of the embargo was possible under the international law concept of fundamental change in circumstance. However, this requires notification to the other parties of action taken pursuant to the doctrine. Under the international law concept of fundamental change in circumstances, the United States and other GATT parties could have considered Cuba to no longer be a member of GATT when Castro deposed the Cuban government that had been in power when the GATT 1947 was concluded. This concept, codified in the Vienna Convention on the Law of Treaties,<sup>8</sup> states that where there has been a fundamental change from the circumstances existing at the time of the conclusion of an international agreement, which was not foreseen by the parties, this change may not be a ground for terminating or withdrawing from the agreement unless the circumstances were essential to the consent of the parties to be bound by the agreement and the change radically transforms the extent of obligations still to be performed under the agreement. A party may not in-

voke this doctrine if the fundamental change of circumstances was the result of the invoking party's breach of an obligation under the agreement or of any international obligation owed by that party to any other party to the agreement. If a party may invoke the doctrine for termination of or withdrawal from an agreement, it may also invoke it for suspension of the operation of the agreement. A party invoking this doctrine must notify other parties to the agreement.<sup>9</sup>

The original circumstances, that Cuba was controlled by a non-communist regime and was a market economy, were arguably essential to the Agreement. Although non-market economies have acceded to the GATT, they have done so under protocols specifying goals and measures to be met to ensure fair trade. Also, given the international political situation at the time, the Cuban change to a communist-style government and the resulting political and military tensions between the two countries could be considered by the United States to constitute a fundamental change of circumstances sufficient to terminate or suspend the operation of an agreement.<sup>10</sup>

The United States and other GATT parties could have notified, and may still be able to notify, the GATT that, under the doctrine, they consider the GATT terminated (or suspended) with respect to Cuba.<sup>11</sup> There apparently was never any formal declaration by either the United States or Cuba to the GATT Contracting Parties of any inability to continue the application of the General Agreement to each other. Although the United States has not declared a formal suspension regarding agreements with Cuba generally, apparently many agreements are not being applied.<sup>12</sup>

#### APPLICATION OF ARTICLE XXI

The United States could justify its embargo for national security reasons under GATT Article XXI(b)(iii), because of the acts of hostility between the two at the time the embargo was imposed. The national security reasons need not be formally stated to the GATT Contracting Parties.<sup>13</sup> However, the presidential proclamation declaring the embargo against Cuba gave self-defense and national security as the reasons for it.<sup>14</sup>

Historically, the United States has suspended most-favored-nation treatment for various countries and justified its actions under GATT exceptions, particularly GATT Article XXI concerning security exceptions. Article XXI, provides that nothing in the Agreement shall be construed (1) to require a contracting party to reveal information the disclosure of which is contrary to its security interests; (2) to prevent measures, which a party considers necessary to the protection of its security interests and which are related to nuclear material, related to trade in arms, or taken in time of war or other international emergency; (3) or to prevent a party from taking action pursuant to its obligations under the United Nations Charter for the maintenance of international peace and security. The security exceptions have been applicable in several cases where the United States has suspended MFN treatment, although some parties have felt that the United States has relied excessively on Article XXI in justifying its actions. However, a GATT panel has decided that the underlying justification for a claim of the national security exception will not be questioned. This decision resulted from Nicaragua's GATT challenge to the embargo that the U.S. imposed on it.

Nicaragua became a GATT contracting party on May 28, 1950, under the terms of the

Footnotes at end of article.



1949 Ancey Protocol of Terms of Accession.<sup>15</sup> In the late 1970s and early 1980s, relations between the United States and the Nicaraguan Sandinista-controlled government deteriorated as the United States cut off aid to the Nicaraguan government and supported Contra rebel efforts to bring about a free and independent government by deposing the Sandinista government.<sup>16</sup> On September 23, 1983, President Reagan reduced the import quota for Nicaraguan sugar.<sup>17</sup> Nicaragua brought a complaint before the GATT. A dispute settlement panel found that the quota reduction was in violation of GATT Article XIII, which provides that quantitative restrictions of a product are only permissible where similar measures are applied to all imports and exports of that product and where the import quota shares are distributed among the parties concerned in a way that approximates as nearly as possible the share each party would have had in the absence of restrictions.<sup>18</sup> The United States did not invoke any exception and seems to have effectively refused to defend itself on GATT grounds, stating merely that any actions taken were not matters of trade policy and could not be properly evaluated in the trade context, and that the United States had not benefitted in any economic manner from the reduction in Nicaragua's quota.<sup>19</sup> The panel report was adopted on March 13, 1984, but in November 1984, Nicaragua was complaining that the United States still had not restored its sugar quota.<sup>20</sup> The United States agreed that Nicaragua had rights, but maintained its position that the situation had to be viewed in a political context.<sup>21</sup>

President Reagan imposed an embargo on Nicaragua by executive order on May 1, 1985, pursuant to his authority under the International Economic Emergency Act and the National Emergency Act, among others.<sup>22</sup> He found that the "policies and actions of the Government of Nicaragua constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and hereby declare a national emergency to deal with the threat." The embargo prohibited all imports of goods and services of Nicaraguan origin and all exports of goods and services destined for Nicaragua except for those destined for the democratic resistance organization. Additionally, Nicaraguan aircraft were forbidden from landing in or taking off from the United States and Nicaraguan vessels were prohibited from entering U.S. ports.

The embargo against Nicaragua is notable particularly because Nicaragua brought a formal complaint before the GATT and got the reluctant United States to agree to the formation of a dispute settlement panel.<sup>23</sup> Although discrete discriminatory measures had been challenged, a virtually total embargo apparently had never before been brought before a dispute settlement panel. Nicaragua also had previously sued the United States before the International Court of Justice (ICJ) and gotten a determination that the military and paramilitary actions taken against Nicaragua, including the embargo, were violations of international law.<sup>24</sup>

The United States claimed an exception under the national security clause of GATT Article XXI.<sup>25</sup> Nicaragua challenged the validity of the motives of the United States, complaining that it was improperly using a trade forum and trade measures to achieve political ends.<sup>26</sup> It wanted a panel to examine the validity of the United States' claim to the national security exemption by determining whether the Nicaraguan situation posed a valid national security concern for

the United States.<sup>27</sup> But although the United States consented to the formation of a panel, it insisted that the GATT could not question the validity of a party's national security concerns.<sup>28</sup> It was a party's prerogative to decide what it considered a threat to national security. The GATT members agreed and did not authorize the panel to examine the justification for the invocation of GATT Article XXI. The panel could only decide whether the measures taken by the United States were consistent or inconsistent with the General Agreement. Therefore, the panel concluded that it could not determine whether the actions of the United States were inconsistent with or in compliance with its obligations under the General Agreement.<sup>29</sup>

Thus, the United States successfully invoked the national security exception under GATT Article XXI and used trade sanctions for political purposes, which it maintained was permissible. However, although many other GATT parties agreed that GATT Article XXI properly left to each party the judgment of what constituted its essential security interests, the parties also regretted the expansive interpretation of the exception by the United States and were concerned that frequent resort to it as an all-purposes defense would erode the GATT rules.<sup>30</sup> They also noted the 1982 decision regarding GATT Article XXI, indicating that actions under Article XXI, should not be overly broad in scope.<sup>31</sup> Free elections were held in Nicaragua in February 1990.<sup>32</sup> President Bush restored the sugar quota in April 1990<sup>33</sup> and Nicaragua, stating that it had reached an agreement with the United States on economic relations, requested the discontinuation of proceedings to determine reparations in the ICJ case in 1991.<sup>34</sup>

#### THE POSSIBILITY OF A WAIVER UNDER GATT ARTICLE XXV: 5 AND THE WTO AGREEMENT

Article IX:3 of the WTO Agreement<sup>35</sup> specifies a three-fourths majority vote for a waiver of a multilateral trade agreement obligation "in exceptional circumstances." Article XVI:3 of the WTO Agreement provides that in case of a conflict between a WTO Agreement provision and that of a multilateral trade agreement, the WTO Agreement prevails. GATT Article XXV:5 provides that the Contracting Parties may waive an obligation for a particular party "in exceptional circumstances not elsewhere provided for in this agreement" by a two-thirds majority vote of approval where such majority comprises more than half of the parties.<sup>36</sup> So under the terms of the WTO Agreement, a three-fourths vote is now required. Under GATT Article XXV:V, the GATT parties may also by such a vote define certain categories of exceptional circumstances to which other voting requirements shall apply for a waiver and may prescribe such criteria as may be necessary for the application of Article XXV:5. Article IX:4 of the WTO Agreement provides that a waiver granted for more than one year shall be reviewed annually by the Ministerial Conference which shall examine whether the exceptional circumstances justifying the waiver still exist and whether all terms and conditions for the waiver have been met. Possibly the United States could ask for a waiver of the MFN for Cuba, but the three-fourths majority required for the grant of the waiver would be difficult to meet; the Contracting Parties are unlikely to relax the requirements for such a serious matter. Furthermore, the annual review of the waiver would make it necessary to satisfy the Ministerial Conference that the exceptional circumstances still existed in order

to maintain an embargo pursuant to a waiver, thereby making it less likely that such an embargo could be maintained indefinitely. In the 1950s, the United States and Czechoslovakia were granted waivers to suspend application of the GATT to each other.

In 1951, the United States suspended application of the GATT to Czechoslovakia, although it was an original signatory to the GATT and accepted the Protocol of Provisional Application<sup>37</sup> and the United States had not invoked GATT Article XXXV, providing for non-application between parties upon accession, with respect to Czechoslovakia upon the accession of the two to the GATT. Czechoslovakia did not have a non-market economy at the time of its accession to the GATT on April 20, 1948.<sup>38</sup> But subsequent changes in the government of Czechoslovakia and friction with the United States over U.S. claims to compensation for post-war nationalizations led to a breach in trade relations.<sup>39</sup> The United States and Czechoslovakia each made declarations, using language found in GATT Article XXIII:1, that the other, through its actions, had nullified benefits which should have accrued to the declaring party.<sup>40</sup>

Although the GATT parties apparently considered the issue to have been resolved through dispute settlement under GATT Article XXIII:2,<sup>41</sup> it also appears that the Contracting Parties took joint action pursuant to GATT Article XXV:5.<sup>42</sup> This provides that "under exceptional circumstances not elsewhere provided for in this Agreement, the Contracting Parties may waive an obligation imposed upon a contracting party by this Agreement; Provided that any such decision shall be approved by a two-thirds majority of the votes cast and that such majority shall comprise more than half of the contracting parties [emphasis added]." The Contracting Parties declared that, considering "that a contracting party may not be held subject to the provisions of the General Agreement when the fulfillment [sic] of its obligations is rendered impossible by exceptional circumstances of a kind different from those contemplated under the General Agreement . . . the Governments of the United States and Czechoslovakia shall be free to suspend, each with respect to the other, the obligations of the [GATT] [emphasis added]."<sup>43</sup>

However, more recently where the waiver has been requested by a party for discriminatory treatment of a certain other party, the discriminatory treatment was to the benefit of the other party. For example, the original GATT authority for voluntary tariff preference programs for developing countries, e.g., Generalized System of Preferences (GSP), was done by waiver.<sup>44</sup> Also, Italy requested permission to give more favorable treatment to certain products from Libya and from Somalia; Australia asked permission to treat certain products of Papua-New Guinea more favorably.<sup>45</sup> The more developed country was trying to assist the economic development of the lesser developed country or to continue a traditional special relationship. So a waiver to deny MFN treatment to Cuba may be difficult to obtain, particularly since Cuba now, unlike Czechoslovakia in the 1950s, apparently has no interest in a mutual suspension of GATT application, as evidenced by its protests that the embargo is illegal.<sup>46</sup>

#### CONCLUSION

The U.S. suspension of application of the General Agreement to Cuba, embodied by the embargo, is probably justifiable under international law on the grounds of Cuba's change to a communist regime and a non-market

economy. The United States may also invoke GATT Article XXI, the national security exception, on the basis of a concern for national security, with or without a mutual declaration of suspension authorized by the Contracting Parties. A waiver to permit the embargo may be requested under Articles IX:3 and IX:4 of the WTO Agreement and GATT Article XXV:5, but may not be readily granted.

If we can be of further assistance, please let us know.

MARGARET MIKYUNG LEE,  
Legislative Attorney.●

## FOOTNOTES

<sup>1</sup>General Agreement on Tariffs and Trade of 1994 as defined in Annex IA of the Final Act embodying the results of the Uruguay Round of Multilateral Trade Negotiations, concluded April 15, 1994 (reprinted at H. Doc. No. 103-316, Vol. I, 103d Cong., 2d Sess. 1339 (1994)).

<sup>2</sup>The article and paragraphs refer to the provisions of the General Agreement on Tariffs and Trade originally concluded Oct. 30, 1947, 61 Stat. (5) & (6), T.I.A.S. 1700, 55 U.N.T.S. 194, and annexed to the Final Act Adopted at the Conclusion of the Second Session of the Preparatory Committee on the United Nations Conference on Trade and Employment (excluding the Protocol of Provisional Application) as amended before the entry into force of the Agreement Establishing the World Trade Organization. Hereinafter, these provisions will be referred to as "GATT Article \_\_\_\_."

<sup>3</sup>It accepted the 1947 Protocol of Provisional Application on Jan. 1, 1948. M. Bowman & D. Harris, "Multilateral Treaties: Index and Current Status" 133 (1994).

<sup>4</sup>Proclamation 3447, 27 Fed. Reg. 1085 (1962) (embargo proclaimed pursuant to §620(a) of the Foreign Assistance Act of 1961, 75 Stat. 445, authorizing the President to establish and maintain an embargo against Cuba and also pursuant to the Final Act of the Eighth Meeting of Consultation of Ministers of Foreign Affairs, Serving as Organ of Consultation in Application of the Inter-American Treaty of Reciprocal Assistance, which resolved that the present Cuban government was incompatible with the Inter-American system and urged member states to take those steps they considered appropriate for their individual and collective self-defense, in light of the offensive of Sino-Soviet communism with which the Cuban government was publicly aligned).

<sup>5</sup>"GATT Activities 1992" 57 (1992) (Cuba protested the Cuban Democracy Act of 1992 reinforcing the trade embargo of the U.S. against Cuba); Council Hears Cuban Complaint on U.S. Sugar Imports, EC Protest on Manufacturing Clause, 3 International Trade Reporter 723 (BNA 1986) (Cuba complained that the U.S. requirement that sugar beet imports through a Third World country must be certified as not being from Cuba discriminated against Cuba and termed the measure "a clear case of aggression against Cuba"); Nicaragua Charges U.S. is "Undermining" Trading System by Cuts in Sugar Quota, 8 International Trade Reporter 330 (1983) (Cuba supported Nicaragua's protest against the U.S. embargo against Nicaragua, saying "we, too, have suffered for more than 20 years from U.S. discrimination").

<sup>6</sup>There do not appear to be any statements recorded in the official supplements to the Basic Instruments and Selected Documents nor reference to unpublished documents concerning such a statement. However, at the time of the suspension of MFN treatment for Poland, some GATT parties recalled that the United States-Poland dispute was the first time a suspension of MFN treatment had been brought before the GATT since the United States-Cuba breach in trade relations. Poland Unsuccessful in Attempt to Get GATT Censure of U.S. for MFN Suspension, 7 International Trade Reporter 187 (1982).

<sup>7</sup>U.N. Adopts Resolution Favoring Free and Fair Trade with Cuba, 9 International Trade Reporter 2045 (BNA 1992). Although it may seem that expropriation of property requires some sort of compensation under international law, the developed and developing countries have not been able to agree on this point, with the developed countries insisting on an international minimum standard and the developing countries insisting that expropriation is a domestic matter to be regulated by the expropriating country under its own laws. D. Harris, "Cases and Materials on International Law" 422-433 (1983).

<sup>8</sup>Art. 62, May 23, 1969, UN Doc A/Conf 39/27, 8 I.L.M. 679, 63 A.J.I.L. 875 See also Restatement (Third) of the Foreign Relations Law of the United States §336 (Am. Law Inst. 1987) [hereinafter Rest. 3rd].

<sup>9</sup>Rest. 3rd, supra note 8, at §337, cmt. f, and 337 (Am. Law Inst. 1987) [hereinafter Rest. 3rd].

<sup>10</sup>Rest. 3rd, supra note 8, at §336(a), cmt. e and Reporters' Note 4 (1987). Although even actual, overt acts of hostility do not necessarily constitute a fundamental change of circumstances sufficient to terminate or suspend the operation of an agreement between the parties engaged in hostilities, where the agreement at issue concerns trade relations and trade is essentially disrupted by political and military tension, the agreement probably could be considered terminated or suspended between the concerned parties. Other types of agreements probably would not be considered terminated by any of the parties because of either overt hostility or political and military tensions. For example, the U.N. Charter prohibits the use of force and was intended to end war as a solution to international disputes, but obviously force is still used to resolve disputes and the Geneva Conventions on the Law of War are considered applicable for humanitarian reasons during hostilities.

<sup>11</sup>Ya Qin, China and GATT: Accession Instead of Resumption, 27 J. of World Trade 77, 95-97 and note 89 (1993); Rest. 3rd, supra note 8, at §336, cmt. f.

<sup>12</sup>Rest. 3rd, supra note 8, at §333, Reporters' Note 3.

<sup>13</sup>"Nothing in this Agreement shall be construed . . . to prevent any contracting party from taking any action which it considers necessary for the protection of its essential security interests . . . taken in time of war or other emergency in international relations. . . ."

<sup>14</sup>See supra note 4.

<sup>15</sup>M. Bowman & D. Harris, supra note 3, at 133.

<sup>16</sup>Philip Brenner & William M. LeoGrande, Congress and Nicaragua: The Limits of Alternative Policy Making, in "In Divided Democracy: Cooperation and Conflict Between the President and Congress" 219, 222-225 (James A. Thurber ed., 1991).

<sup>17</sup>Proclamation No. 5104 of September 23, 1983, 48 Fed. Reg. 44057 (1983).

<sup>18</sup>Dispute Settlement, United States—Imports of Sugar from Nicaragua, 31 B.I.S.D. 66, 73-74 (1985).

<sup>19</sup>Id. at 72.

<sup>20</sup>GATT Council Hears Attack on FSCs and Other U.S. Moves, Delays Work Program Evaluation, 1 International Trade Reporter 586 (1984); Impasse Occurs at Opening of Annual Meeting as U.S. Threatens to Link Funding to Work, 1 International Trade Reporter 644 (1984).

<sup>21</sup>GATT Council Hears Attack on FSCs and Other U.S. Moves, Delays Work Program Evaluation, supra note 20, at 586.

<sup>22</sup>Exec. Order No. 12513, 50 Fed. Reg. 18629 (1985).

<sup>23</sup>U.S., Nicaragua Unsuccessful in Getting GATT Action on Trade Embargo Dispute, 2 International Trade Reporter 765 (1985); U.S. Again Blocks GATT Dispute Panel Sought by Nicaragua to Investigate Trade Embargo, 2 International Trade Reporter 965 (1985); GATT Council Appoints Panel to Study U.S. Nicaragua Embargo, Reviews Other Disputes, 2 International Trade Reporter 1313 (1985).

<sup>24</sup>International Court of Justice: Judgment on Merits in Case Concerning Military and Paramilitary Activities In and Against Nicaragua (Nicaragua v. United States), June 27, 1986, 25 I.L.M. 1023 (1986); "GATT Activities 1986" 59 (1987).

<sup>25</sup>"GATT Activities 1985" 47-49 (1986); "GATT Activities 1986," supra note 24, 58-59. See also supra note 23.

<sup>26</sup>"GATT Activities 1985," supra note 25, at 47; U.S., Nicaragua Unsuccessful in Getting GATT Action on Trade Embargo Dispute, supra note 23.

<sup>27</sup>"GATT Activities 1985," supra note 25, at 57-49; "GATT Activities 1986," supra note 24, at 58-59; U.S., Nicaragua Unsuccessful in Getting GATT Action on Trade Embargo Dispute, supra note 23.

<sup>28</sup>Id.

<sup>29</sup>"GATT Activities 1986," supra note 24, at 58-59.

<sup>30</sup>"GATT Activities 1985," supra note 25, at 48.

<sup>31</sup>See also Decision Concerning Art. XXI of the General Agreement, Decision of 30 November 1982, 29 B.I.S.D. 23 (1983). The Decision stated that the Contracting Parties should consider the third party interests that may be affected in taking action under Article XXI. When such action is taken, all affected GATT parties retain full rights under the GATT (hereinafter Decision Concerning Art. XXI). GATT decisions will become part of the GATT 1994 according to the General Agreement on Tariffs and Trade 1994, ¶1(b)(iv), but this provision is hortatory.

<sup>32</sup>Philip Brenner & William M. LeoGrande, supra note 16, at 242.

<sup>33</sup>Proclamation No. 6120, 55 Fed. Reg. 17744 (1990).

<sup>34</sup>International Court of Justice: Judgment on Merits in Case Concerning Military and Paramilitary Activities In and Against Nicaragua (Nicaragua v. United States), June 27, 1986, supra note 24.

<sup>35</sup>Agreement Establishing the World Trade Organization, as reprinted in H. Doc. No. 103-316, Vol. I, 103 Cong., Sess. 1327 (1994).

<sup>36</sup>See also Article XXV—Guiding Principles to be Followed by the Contracting Parties in Considering Applications for Waiver from Part I or Other Important Obligations of the Agreement, Procedures adopted on 1 November 1956, 5 B.I.S.D. 25 (1957).

<sup>37</sup>It signed the 1947 PPA on April 20, 1948. M. Bowman & D. Harris, supra note 3, at 133. The 1947 PPA was laid open for signature from Oct. 1947, to Nov. 15, 1947 for eight principal countries, and until June 30, 1948, for all other signatories to the General Agreement. None of the countries discussed in this section were among the eight who signed by Nov. 15, 1947.

<sup>38</sup>M. Bowman & D. Harris, supra note 3, at 133.

<sup>39</sup>Article XXI, United States Export Restrictions, Decision of 8 June 1949, II B.I.S.D. 28 (1952) (GATT parties rejected the complaint by Czechoslovakia under Articles I and XXI that U.S. export restrictions did not conform to Article I); Note, East-West Trade: The Accession of Poland to the GATT, 24 Stan. L. Rev. 743, at note 7 (1972); Czechoslovakia Renews Effort to Regain MFN, Says U.S. Firms Losing Out in Modernization, 5 International Trade Reporter 117 (BNA 1988).

<sup>40</sup>Suspension of Obligations between Czechoslovakia and the United States under the Agreement, Declaration of 27 September 1951, II B.I.S.D. 36 (1952).

<sup>41</sup>See the cumulative index at the back of all B.I.S.D. issues which list the suspension of GATT application between the United States and Czechoslovakia as an action under Article XXIII.

<sup>42</sup>J. Jackson & W. Davey, "Legal Problems of International Economic Relations: Cases, Materials and Text on the National and International Regulation of Transnational Economic Relations" 916 (2d Ed. 1988).

<sup>43</sup>Suspension of Obligations between Czechoslovakia and the United States under the Agreement, supra note 40.

<sup>44</sup>18th Supp. B.I.S.D. 24 (1972).

<sup>45</sup>Australia and products of Papua-New Guinea, Decision of 24 October 1953, 2 B.I.S.D. 18, 93 (1954); Italy and products of Libya, Decision of 26 October 1951, II B.I.S.D. 10 (1952); Decision of 9 October 1952, 1 B.I.S.D. 14 (1953); Italy and the products of Somalia, Decision of 19 November 1960, 9 B.I.S.D. 40, 229 (1961) and other decisions listed in the cumulative index in every volume of the B.I.S.D.

<sup>46</sup>See supra note 5.

## MANUEL T. SANCHEZ

● Mr. BINGAMAN. Mr. President, it is with pleasure that I ask the Senate to recognize Manuel T. Sanchez for his service to my home State of New Mexico. Manuel has distinguished himself as a successful family man, businessperson, and community leader.

He was born on November 15, 1901 in Las Vegas, NM, 11 years before New Mexico was admitted into the Union. Needless to say, Manuel has witnessed New Mexico flourish and change during his lifetime.

In the early 1920's, Manuel and his family moved to a section of Albuquerque known as Martineztown. There they started a grocery store to serve the community. This store is still in operation today and it still serves as an unofficial meeting place for social and political gatherings.

In 1933, Manuel was elected Democratic ward chairman of Ward 11 B. During those early years he worked closely with my uncle John Bingaman



in helping Governor Tingley succeed in his campaigns. For over 60 years, he has continued to serve in this capacity as ward chair. His success is a result of his dedication to the work ethic and in the belief that a person's word is as good as a written contract. It would have been impossible for Manuel to represent his community as Democratic ward chairman for such an extended period of time if people did not put trust in his word.

Although much about New Mexico has changed since Manuel's childhood years, one characteristic that has not changed is a strong sense of community. He is very central to that feeling in Martineztown. Whether in the grocery store or at the Barel's Cafe eating some combination of green chile, I believe he deserves recognition and our thanks for his service to the community over the years. It is with this thought that I wish Manuel many more years of health and happiness on this his 94th birthday.♦

#### ISRAELI PRIME MINISTER YITZHAK RABIN

♦ Mr. GRAMS. Mr. President, although the period of official mourning in Israel for slain Prime Minister Yitzhak Rabin has ended, the time for reflection on his legacy has not. Supporters of Israel in America and around the world continue to ponder the incredible sacrifices made by Yitzhak Rabin during his relentless pursuit of peace in the Middle East. Many people continue to draw great personal strength and inspiration from the way Rabin conducted his heroic life until his tragic and untimely death.

Mr. President, I ask unanimous consent that the following statements on Yitzhak Rabin by leaders of the Jewish community in my home State of Minnesota be included in the RECORD.

Mr. Frank R. Berman: "It is with much grief that we mourn the tragic assassination of Prime Minister Yitzhak Rabin. I had the honor of knowing the Prime Minister and came to hold him in the highest regard. He was a great leader and visionary for Israel as well as for peace-loving people everywhere. I know that the Jewish community and all citizens of Minnesota join me in expressing our deeply felt condolences to the government and people of Israel and to his family. We pray that his noble goal of peace in the Middle East will be fulfilled."

Margo and Fred Berdass: "We offer our heartfelt condolences to Mrs. Rabin and her family and to the people of Israel. We pray God give them the strength and wisdom to unite as a people and to overcome their great loss. May we all hope Israel may forge a policy all can support and that will lead to peace."

Mr. Mike Fiterman: "Prime Minister Rabin was more than a leader within

his country—he was more of a visionary on how to make the world a better place. Although he was viewed as a brilliant military strategist, his role in the military only befits him as really a champion of peace and not war. His desire was never one of victory over opponent, but rather a desire to bring peace and security to his beloved country and the Israeli people. I had the great privilege of attending the historic peace signing on the White House lawn between the people of Israel and the Palestinian people. No one watching that day could help but be moved by the significance of that event whether you were personally present or watching from places around the world. It was one of the most emotional events I have ever been privileged to witness. With all of the various speeches, I think it was Prime Minister Rabin's words of 'enough killing, enough war' that were the most moving. It was not the words he spoke, but the emotion in his voice that spoke volumes. He spoke not only of his desire for peace, but also of the enormous sacrifice he personally knew was needed to earn a lasting peace. None of us knew that day the ultimate sacrifice Yitzhak Rabin would make in the name of peace for his country, his people and the world. The sacrifice that Yitzhak Rabin made that day on the White House lawn was a true exhibit for all people around the world that nothing could ever be more important than people living in harmony with one another throughout the world. He showed us if two peoples warring over the centuries could put down their weapons and pick up a pen to sign a peace agreement, it was possible for all people around the world to achieve peace with their neighbors. Prime Minister Rabin's granddaughter during the memorial service, however, remembered him for all of us as not a statesman or a general, but as a warm person who loved his family and who tried to make the world a little better for all of us. Yitzhak Rabin will be missed by all peace loving people and will be a lasting reminder to all of us that we can never stop working toward a goal to do whatever we can to make the world a little better everyday and to continue to strive to bring peace to all the people of the world."♦

#### GLOBAL CASINOS POSE VIRTUAL MESS; LAWMAKERS SAY ELEC- TRONIC GAMBLING DIFFICULT TO REGULATE

♦ Mr. LUGAR. Mr. President, I ask that the following article be printed in the RECORD.

The article follows:

[From the Tampa Tribune, Aug. 27, 1995]

#### GLOBAL CASINOS POSE VIRTUAL MESS; LAWMAKERS SAY ELECTRONIC GAMBLING DIFFICULT TO REGULATE

(By Ron Bartlett)

So you're sitting at home, somewhere in Florida, and you've got the itch to go casino gambling?

No problem. Chances are by early next year, no matter where you live in the state, such an opportunity will be at your fingertips.

Through a personal computer, you'll be able to glide down the hallways of a glittering casino, passing rooms filled with roulette wheels and slot machines. Once you pick a game, you'll be able to plunk down a bet and take on other gamblers from across the globe.

But this won't be for play. This will be for real, cold, hard cash.

Didn't state voters resoundingly reject casinos in 1994 for the third time?

Sure they did. But savvy entrepreneurs are using electronics to introduce new forms of gambling that are likely to be widely available in Florida and throughout the United States in the coming months.

In a rapidly developing market, offshore companies based mostly in the Caribbean are beginning to offer "virtual reality" casinos and sports book operations on the Internet, the worldwide network of computers.

From your easy chair in Tampa, it soon will be possible to place real bets through your personal computer at virtual casinos in places such as Antigua and St. Martin. Some of these games will come with sophisticated graphics and video that will give players at home the feeling that they are inside a major casino.

While the first such virtual casino isn't yet operating, predictions are that hundreds could be up and running within the next year.

Meanwhile, the Coeur d'Alene Indian tribe in Idaho plans to offer a national lottery by year's end that some experts say ultimately could offer weekly jackpots up to \$200 million.

The tribe wants to set up toll-free 1-800 lines that players would use to dial in numbers and give their credit card information.

And Floridians who want to bet on sporting events already can call Connecticut or New York, which offer national telephone wagering.

The expansion of electronic gambling is not only creating new outlets for players but also bringing wagering directly into the home, which gaming entrepreneurs view as the new frontier. In Florida and other states, the trend is worrying law enforcement officials, regulators and lawmakers.

On one level, there are concerns that electronic gambling will hurt business at existing state lotteries, pari-mutuel facilities, bingo halls and Indian gaming facilities.

On another, there are fears it will be difficult, if not impossible, to regulate offshore casinos operating on the Internet, that consumers won't be adequately protected, and that the new opportunities could increase gambling addiction and all its dangers.

Earlier this month, the chairman of the Florida House Regulated Industries Committee asked state Attorney General Bob Butterworth to investigate what, if anything, the state can do to stop Floridians from betting on the emerging virtual casinos or from calling other states to wager on sports events.

State Rep. Steven Geller, a Hallandale Democrat, said his request wasn't a moral

stance against gambling, rather, he wants to protect the state's struggling horse and dog tracks and jai alai frontons, which generate jobs and taxes.

"If you have access to a virtual casino and play blackjack, how do you know that the casino in Antigua is run honestly?" Geller asked. "How do you know that the roulette wheel isn't rigged?"

Butterworth hasn't responded to Geller's inquiry. But with the Internet gambling in particular, he says, any regulatory answers rest in Washington, not Tallahassee.

"How do you stop it from coming into states that don't want it?" Butterworth said. "How do you tax it in states that do want it? I don't know how you do that without the federal government taking the lead."

Some members of Congress are grumbling about online gambling. The Justice Department has declared it illegal in the United States, saying it will act on violators. But to date, the full extent and scope of the federal response—if any—remains to be seen.

Under federal law, it's a crime for anyone in the gambling business to use an interstate or international telephone line to transmit information assisting in the placing of bets. But it's not illegal to make a bet, as long as you're not in the gambling business. The Coeur d'Alene tribe would have callers place bets to its operations in Idaho.

I. Nelson Rose, a Whittier College law professor and gambling expert, believes Americans running offshore virtual casinos could face seizure of their assets under federal racketeering statutes. But foreign nationals operating the facilities are likely beyond Uncle Sam's reach, and players are usually hard to trace and aren't prosecuted.

"Because it's so new, people don't really know how to respond to it," said Jeff Frentzen, who follows developments on the Internet for the magazine PC Week. "In some corners, it's viewed as a threat."

"It reminds me of what was going on earlier this year with the Internet pornography issue. It's a global system, and it's really hard to control."

One company on the Internet is Sports International Ltd., which says it has 25 to 30 people working at its computer operation on St. John's, Antigua. It does marketing and software development at an office outside Philadelphia.

The publicly held company, which says it handled \$48 million in its first year, has been taking bets on sports events on the Internet since February. During the first quarter of 1996, it expects to offer "Global Casino," in which players at home will be given software that will make it seem as though they're really inside a gambling hall.

The way the online operations are typically set up is this: Players either send money or use a credit card to establish a prepaid account on the island where the game is administered. They use that money to gamble. Their winnings are either rolled back into their account, or wired to them. That way, all the gambling takes place outside the U.S.

Jeffrey Erb, a Sports International official, said players are responsible for paying taxes on their earnings. He said the company has a simple incentive for maintaining integrity: Any customer who felt cheated could instantly put the word out to millions of Internet users.

At this stage, the phenomenon of Internet gambling is so new and so rapidly evolving that no one really knows what its ultimate impact on the gaming industry will be.

Roger Gros, the Atlantic City-based editor of two industry publications, Casino Journal

and Casino Player, said that in recent months, he has heard about a half-dozen announcements for virtual casinos. But more are coming; within a year, he expects hundreds.

Still, he doesn't think they'll fundamentally alter the casino landscape. At least not now.

"It's just going to be a little sidelight for people who want to gamble and know how to use the Internet," he said. "But I don't think it's going to be a major factor in the gambling industry."

While Butterworth is still trying to determine whether he can do anything to halt electronic gambling on the Internet, he and other attorneys general from around the country already have taken a strong stand to stop the Coeur d'Alene tribe's proposed national lottery.

In March, Butterworth sent a letter to all telephone companies in Florida, warning that use of their phone lines for carrying gambling information across state lines would violate both state and federal laws.

Meanwhile, the National Association of Attorneys General passed a resolution urging the National Indian Gaming Commission and U.S. Attorney General Janet Reno to take action to prevent the "illegal" lottery. A bill introduced in Congress would effectively kill the planned lottery by amending current law to require that all players be physically present at the game.

The tribe wants to run its weekly game where state lotteries already exist—that's 36 states and the District of Columbia, a huge potential market that far exceeds any other lottery. The tribe contends it has received all the government approvals it needs and says its detractors are just afraid of competition.

Indeed, that fear is high in Florida. Officials say the Indian lottery could severely hurt ticket sales for the Florida Lottery, and cut into the more than \$800 million it raises for public schools each year.

Butterworth vows to go to court the moment the tribe's lottery is up and running.

Yet another form of electronic gambling that is now being offered by lotteries in five states, including California and New York, is keno. But it's doubtful it will appear in Florida, at least in the near future.

Under keno, players select up to 20 of 80 numbers, and then watch randomly selected numbers flash on a screen. How much they win depends on how many of their numbers appear. The games are run every five minutes, and terminals are being installed in restaurants, bars, bowling alleys and convenience stores.

Florida Lottery Secretary Marcia Mann said her staff hasn't studied keno for possible introduction and doesn't intend to.

"Knowing our governor like I do, I think he would see that as too much of a proliferation of gambling and too much like casinos," she said. Gov. Lawton Chiles has generally been a staunch opponent of gambling. ■

#### MEASURES PLACED ON CALENDAR—S. 1410 AND S. 1411

Mr. DOLE. Madam President, I understand there are two bills due their second reading.

The PRESIDING OFFICER. The clerk will read the first bill by title.

The legislative clerk read as follows: A bill (S. 1410) making further appropriations for fiscal year 1996.

Mr. DOLE. I object to further proceedings on this matter at this time.

The PRESIDING OFFICER. The bill will be placed on the calendar.

The clerk will read the second bill by title.

The legislative clerk read as follows:

A bill (S. 1411) making further appropriations for fiscal year 1996.

Mr. DOLE. I object to further proceedings on this matter at this time.

The PRESIDING OFFICER. The bill will be placed on the calendar.

#### ORDERS FOR THURSDAY, NOVEMBER 16, 1995

Mr. DOLE. Madam President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9 a.m. on Thursday, November 16; that following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I ask unanimous consent that immediately following the prayer, the Senate begin the continuing resolution, House Joint Resolution 122.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### PROGRAM

Mr. DOLE. I think Senators should, therefore, be on notice that we can expect votes probably tomorrow morning. We hope to complete action on this by early afternoon, I hope. As I understand, there may be no more than two amendments, so we will just take it up at 9 o'clock. Senator HATFIELD, chairman of the Appropriations Committee, has been notified. And, hopefully, we can turn to any other available conference reports tomorrow.

I will just say I do not think it would be helpful to stay here until the House completes action. It would be after 11 o'clock, and by the time we completed action it would be 2 or 3 in the morning. So even if it were passed, it would not get to the White House until morning and that would not be in time to alert anybody, assuming he signed it, to come back to work. So I think we are not losing any time nor prejudicing anybody's rights by taking this up tomorrow morning at 9 o'clock.

Mr. DASCHLE addressed the Chair.

The PRESIDING OFFICER. The Democratic leader.

Mr. DASCHLE. Madam President, I share the view expressed by the majority leader and can assure him that we are prepared to go to the resolution. We will be offering amendments. It is certainly not our intention to delay the consideration and final passage of



the resolution, hopefully, sometime early afternoon.

#### CHANGE OF VOTE

Mr. DASCHLE. I have one house-keeping matter. It is on rollcall vote No. 576. Senator BRADLEY voted "yea." It was his intention to vote "nay."

Madam President, I ask unanimous consent that his vote be changed. This will not affect the outcome of the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. DOLE. If there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 9:09 p.m., adjourned until Thursday, November 16, 1995, at 9 a.m.